Modernized production tamper does **950 ft of track** per on-track hour. . . . . p. 16

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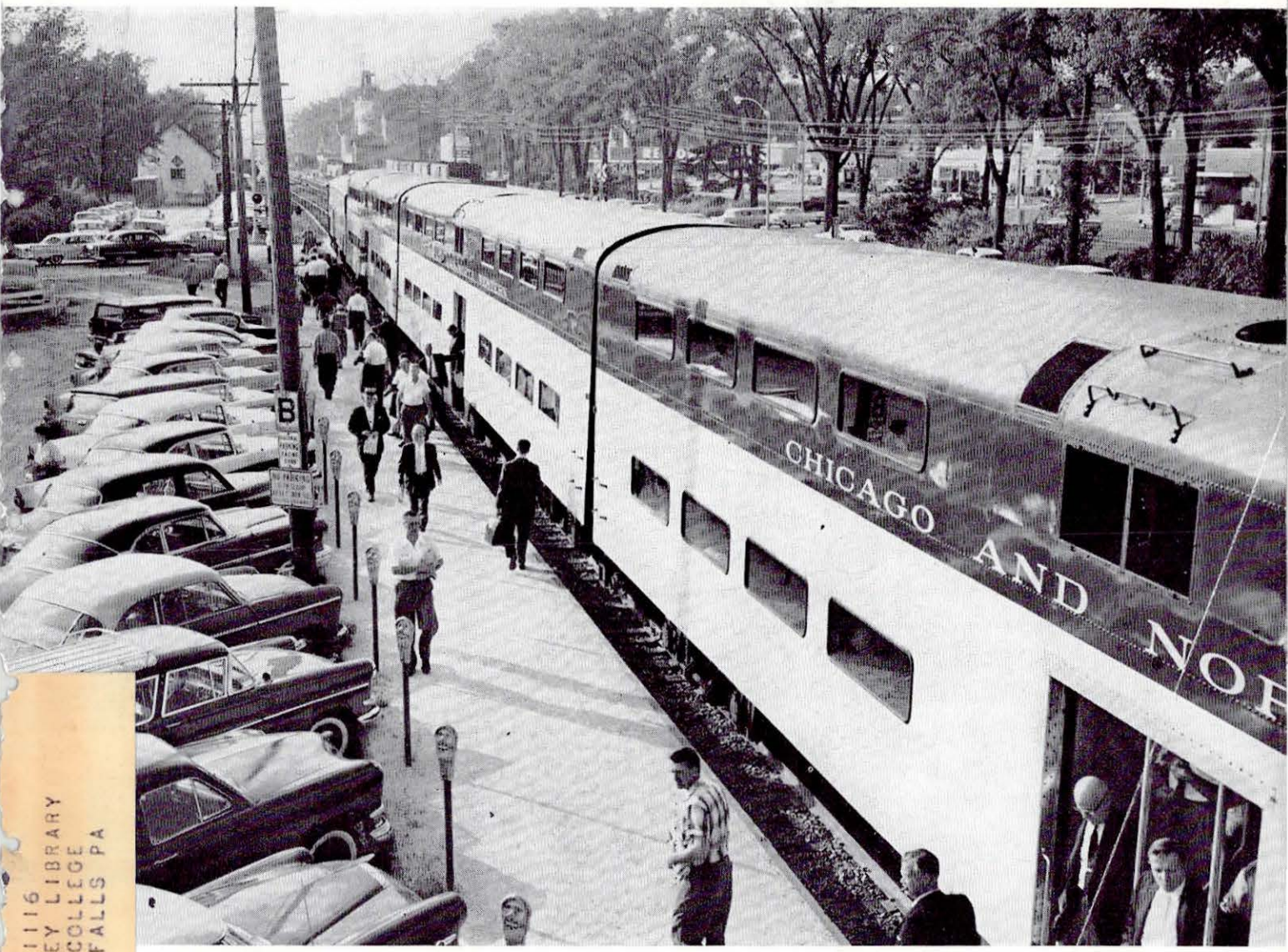
July 9, 1962

RAILWAY AGE WEEKLY



C&NW—'DOOR-TO-DOOR' COMMUTING p. 12

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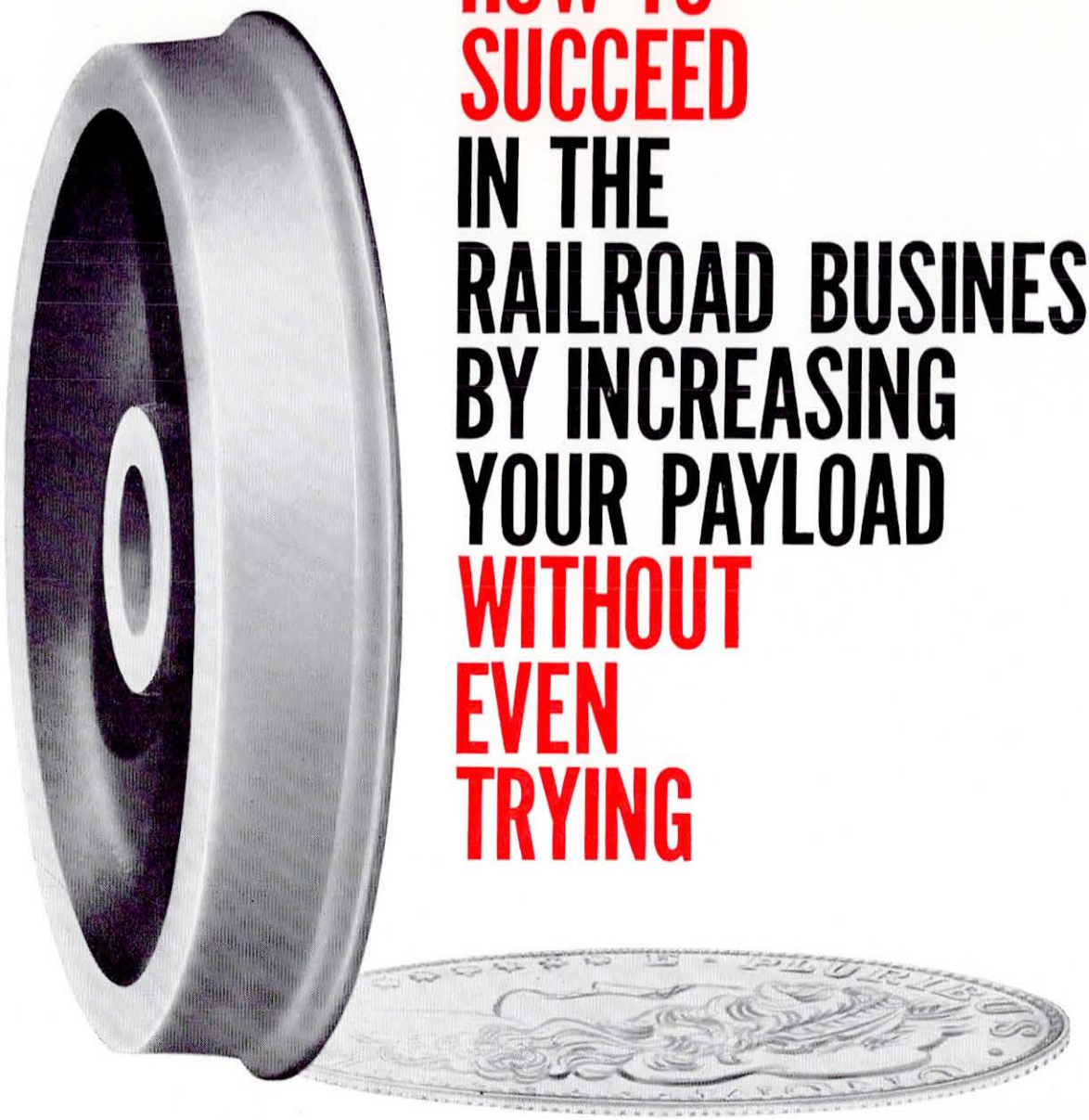

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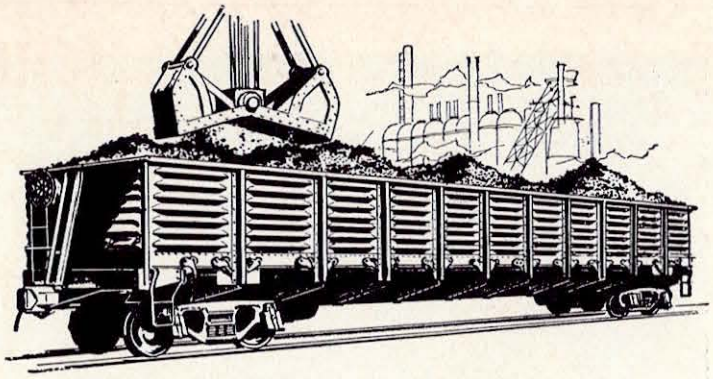
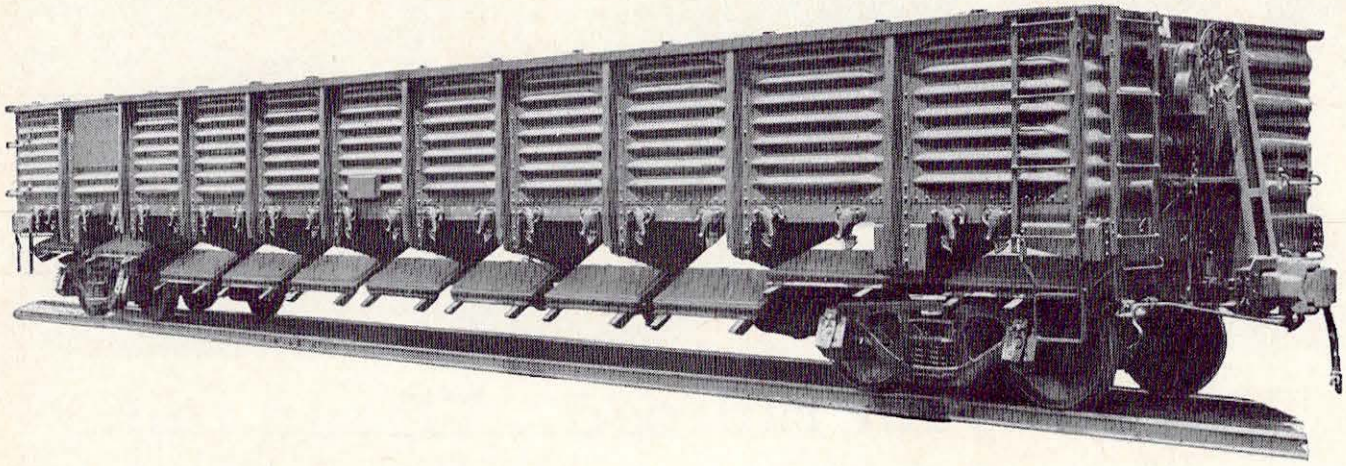
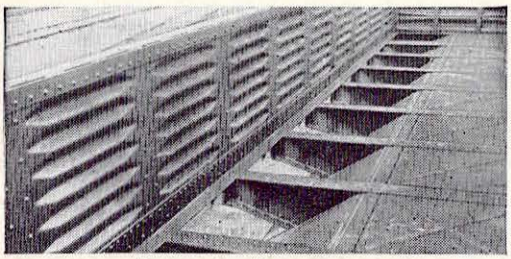


STANDARD RAILWAY'S
Gondola Sides and Ends





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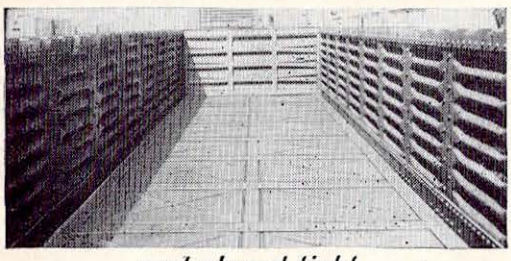

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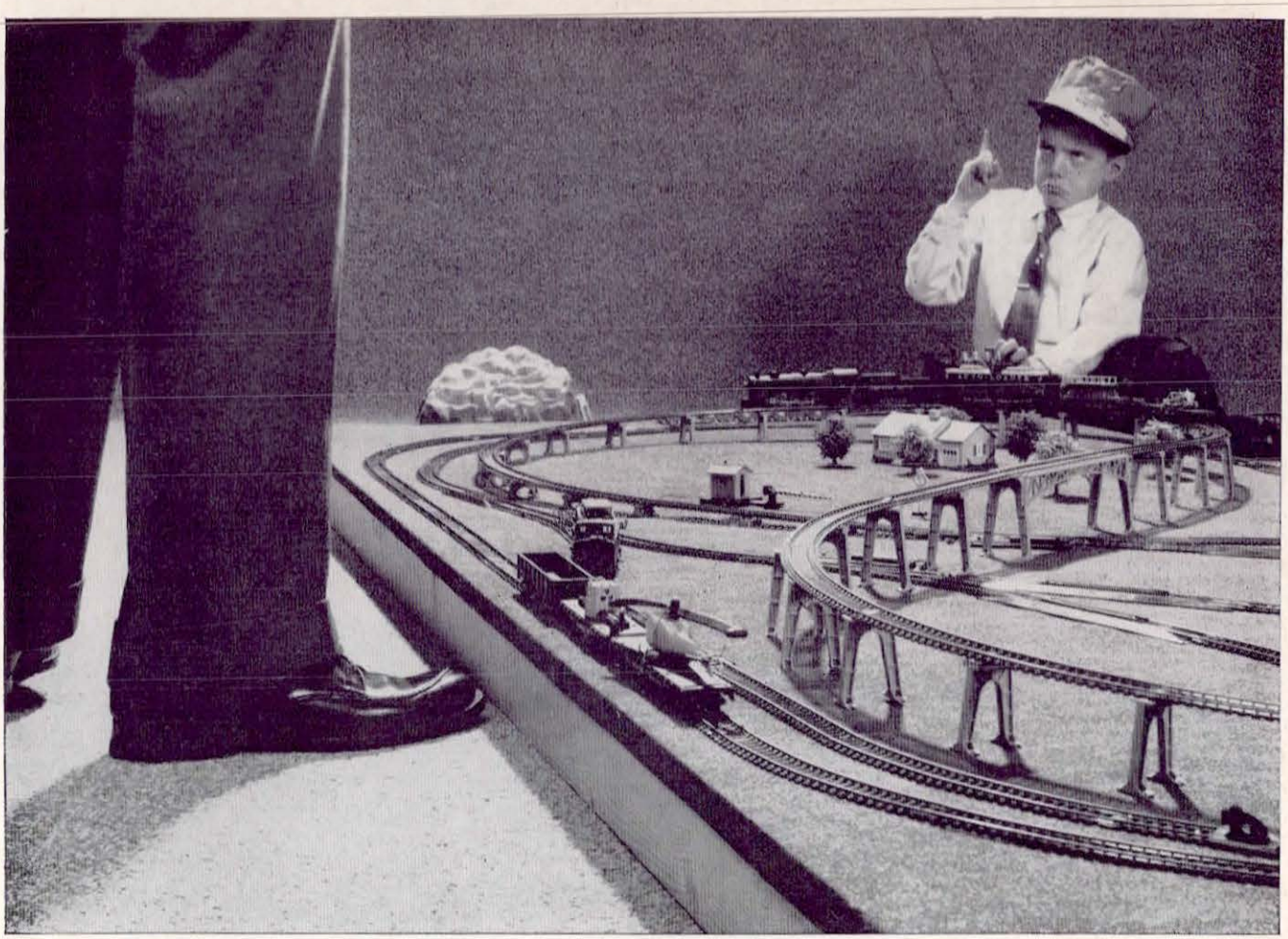

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RAILWAY AGE

WEEK AT A GLANCE

July 9, 1962 • Vol. 153, No. 2

B&O reveals plans to cut coal rates

"Major reductions" in freight rates on bituminous coal will go into effect April 1, 1963 if B&O tariffs to be filed later this year are permitted to become effective .....p. 7

Piggybacking probe launched by the ICC

The Interstate Commerce Commission has begun a broad investigation of piggybacking. The investigation could include reconsideration of "basic" determinations .....p. 7

Merger freeze could mean bankruptcies

Railroad management's testimony in opposition to Senator Kefauver's merger-moratorium bill included warnings that suspension of mergers could lead to mass bankruptcies .....p. 9

CN&W pushes its commuting service

The road, a latter-day pioneer at the art of moving masses of people, is wrapping up almost four years of effort toward improving its position and that of its 40,000 daily riders p.12

Modernized tamper works like new model

The unit, completely refurbished for the B&O at half the cost of a 1962 model, has the capacity to tamp 950 ft of track per on-track hour p.16

New IC billing system saves time and money

By using photocopy and offset printing processes, the new system, used in New Orleans and Chicago, has eliminated typing of freight bills p.20

Systems approach offers big payoff

The approach was described as "organized common sense" at a recent Railway Systems and Management Association seminar in Chicago p.21

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Kennedy Bill hearings to call ICC, RRs

The ICC, AAR and American Short Line Railroad Association were scheduled to be heard this week by a House committee on the Administration transport message p.30

Deregulation will come, Heineman says

President Kennedy's proposal to end regulation of minimum rates for the transportation of agricultural and bulk commodities will be adopted, says C&NW Chairman Heineman p.31

The Action Page—Something's got to give

Something substantial has got to give soon to remove the growing menace of railroad socialization and to restore the industry to growth and prosperity p.34

Short and Significant

Arbitration of the work rules dispute . . .

has been agreed to by the carriers. Chiefs of the five operating unions were set to meet in Cleveland last Friday to consider what their answer to the NMB proposal will be.

Piggyback loadings of 14,604 cars . . .

for the week ended June 23 (see p. 27) marked the third successive week of new record totals and the fourth week out of the last seven that totals exceeded 14,000 cars.

Intercity truck tonnage . . .

in the week ended June 23 was 0.9% below the volume for the preceding week and 3.7% ahead of the volume in the corresponding 1961 week.

Current Statistics

Operating revenues	
3 mos., 1962	$2,295,749,272
3 mos., 1961	2,128,376,735
Operating expenses	
3 mos., 1962	1,830,377,994
3 mos., 1961	1,780,358,037
Taxes	
3 mos., 1962	257,685,487
3 mos., 1961	228,925,289
Net railway operating income	
3 mos., 1962	112,621,164
3 mos., 1961	23,354,922
Net income estimated	
3 mos., 1962	66,000,000
3 mos., 1961	D. 12,000,000
Carloadings revenue freight	
25 wks., 1962	13,783,391
25 wks., 1961	13,059,325
Freight cars on order	
June 1, 1962	13,778
June 1, 1961	13,964
Freight cars delivered	
5 mos., 1962	16,073
5 mos., 1961	15,640
Serviceable cars	
June 1, 1962	1,455,259
June 1, 1961	1,479,100
Cars awaiting repairs	
June 1, 1962	132,516
June 1, 1961	162,767

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B&O Reveals Plan To Cut Coal Rates

The solid-train concept for handling bulk commodities picked up new support last week as the B&O announced plans for "major reductions" in freight rates on bituminous steam coal moving to electric-generating plants in the East.

The reduced rates will apply to trainload coal movements of 4,500 or 9,000 tons. The 9,000-ton rate will be lower. Both rates will be below the present single-car rate, which will remain in effect for that class of traffic.

In announcing the new rate plan the BO did not reveal exact figures; rather, a statement from the road said the amount of the reductions "will be specified in tariffs to be filed with the ICC near the end of this year."

The trainload rates will become effective April 1, 1963, barring suspension by the ICC.

B&O President Jervis Langdon, Jr., said the new rates will contribute to the use of bituminous coal for generating electric power along the Eastern seaboard.

"The B&O recognizes that bituminous steam coal, to be fully competitive in the future on the East Coast, should be reduced in price by several cents per million BTU's," Mr. Langdon said.

Placing the new rates in effect will also lead to a number of operating changes on the B&O.

Trainload shipments to individual receivers will be assembled at any one of B&O's five concentration points in coal-mining territory.

These points are Cowen, Grafton, Fairmont and M. & K. Junction, W.Va., and Rockwood, Pa.

Mines contributing to a given trainload will be required to load cars within a 24-hr period. No minimum limitation will be placed on the number of cars which must be loaded at each mine.

Loaded cars will be pulled from participating mines by "assembly train runs" and brought to a concentration point. After the trainload is assembled no switching en route will be needed.

At destination cars must be unloaded within 24 hrs. Experiments have indicated that an average mine-to-mine round trip will take seven days, and improved equipment utilization will result.

Since a mine has no minimum limit on the number of cars it can load for a given trainload consignment, any discrimination among large, medium or small mining companies is completely avoided, Mr. Langdon said.

The new coal trains will operate on pre-determined fast schedules, advance notice of which will be given to producers and receivers to facilitate planning of loading and unloading operations. B&O will organize a central scheduling bureau to control the trainload movements and serve as a coordinating agency with producers and receivers.

The road's statement said the new trainload rates will not include weighing. If weighing is requested, an added charge will be made for the service.

Piggybacking Probe Launched by the ICC

The ICC has instituted a broad investigation of piggyback operations which could include reconsideration of determinations made more than eight years ago in the New Haven case. That was the case wherein the commission answered "basic and fundamental" questions posed by trailer-on-flat-car operations, the most important of its determinations being the holding that transportation of freight in trailers on railroad flat cars is railroad transportation for which a trucking certificate is not required.

The Commission's announcement said the inquiry "is not related to any pending legislation," but it does embrace a matter embodied in pending bills to implement President Kennedy's transportation message, i.e., the question of whether other carriers should be permitted by railroads to use Plans III and IV piggyback services. Plan III involves transportation on railroad flat cars of trailers supplied by shippers. Under Plan IV, flat cars, as well as trailers, are furnished by shippers.

These services are now available only to shippers, including freight forwarders, which use them extensively. The Presidential recommendation is that Congress "assure all carriers the right to ship vehicles or containers on the carriers of other branches of the transportation industry at the same rates available to non-carrier shippers."

The Commission's inquiry was instituted by a June 29 order serving notice of proposed rule making, the proceeding being docketed as Ex Parte No 230. Respondents are all railroads, motor carriers, water carriers, express companies and freight forwarders subject to the Interstate Commerce Act.

The Commission's order said the inquiry was considered desirable because, in recent years, "there has been a marked expansion of and changes in the use of coordinated and substituted service, particularly in the so-called motor-rail piggyback services." The Commission's aim is "resolution and control of the legal and operational problems arising in connection therewith through the promulgation of appropriate rules, regulations, statements of policy, and precedent."

As to reconsideration of determinations made in the 1954 New Haven case, that could be done under a provision of the present order which contemplates "reexamination of existing Commission precedents governing coordinated and substituted service transportation." Among specific issues to be considered are these:

1. What is the nature of the operat-

● **SEVERAL CRITERIA** evolved by the ICC in its case-by-case approach to implementation of the 1958 Transportation Act's rate-freedom provision have been identified by the Commission's Division 2. This was done in a report (in I&S No.7730) which cleared truck-competitive railroad piggyback rates on fresh meats and packinghouse products moving from the Middle West to Arizona, New Mexico and California.

THE REPORT was by Commissioner Webb. He spoke for a unanimous Division, other members of which are its chairman, Commissioner Freas, and Commissioner Herring.

BEFORE its listing of the criteria of implementation, the report referred to the "dispute" as to whether, and to what extent, pre-existing law was changed by the rate-freedom provision, which is now Section 15a(3) of the Interstate Commerce Act. The Division disclaimed any undertaking to resolve that dispute, but it nevertheless said, "with complete confidence," that Congress "did not intend to lessen intermodal competition."

AS THE RECORD LOOKS to the Division, the Commission has recognized that, where traffic has been lost to private or illegal transportation, the regulated carriers "must be allowed considerable leeway" in meeting that competition. Also, the Commission has indicated that the failure of a proponent of a reduced rate to introduce evidence as to the fully-distributed cost of handling the traffic at stake "is not necessarily fatal."

THE RAILROADS, of course, do not ordinarily introduce full-cost data, that approach being consistent with their position that fully-distributed costs have no proper role in competitive-rate cases. On the other hand, the Commission has used fully-distributed costs to identify the low-cost mode, and thus the rate-making mode, in cases where the competition is between regulated carriers.

DIVISION 2 also mentioned cases wherein the Commission has held that protesting carriers "have some affirmative responsibilities in proceedings in which they claim to be the actual or potential victims of destructive competition." Citations here imply that such protestants are expected to support their presentations with cost evidence—they can't rest on the National Transportation Policy's prohibition against "unfair or destructive competitive practices."

HOW TO DETERMINE whether the proponent of a reduced rate is motivated "primarily" by a desire to destroy competitors, or by "some commendable economic impulse" was also discussed in the Webb report. Subjective intent can seldom be proved by direct evidence, the report conceded; but it went on to suggest that the setting in which a rate cut is proposed usually makes it possible "to draw reasonable inferences as to whether or not a particular adjustment is predatory in character."

AS TO THE RATES IN ISSUE, the Division concluded that they were not inspired by a desire to destroy competition. Rather, it added, they reflected railroad resourcefulness in investing "millions of dollars in 85-ft. flat cars and in trailers equipped with mechanical refrigeration," and in the use of this equipment "in a controlled two-way operation to minimize empty mileage."

ing rights that must be held by motor carriers in order to participate in TOFC Plan I (movement of trailers or containers of common-carrier truckers), including the question of whether motor carriers may participate in such service where the motor carrier's route is circuitous with respect to the portion of the rail route used.

2. The extent to which motor carriers, water carriers, express companies and freight forwarders should be permitted to use Plans III and IV rail rates and service in their operations. If so permitted, under what conditions and limitations.

Evidence to be considered will include all operational practices and methods utilized in coordinated and substituted service transportation; rules and regulations, if any, which may be required to regulate, in the public interest, the utilization of coordinated and substituted service from a competitive standpoint or otherwise, particularly in connection with the substitution of rail service for any other mode of transportation; the need, if any, for corrective or implementing legislation for expansion or regulation of coordinated and substituted service transportation; and the existence of unjust discrimination or undue preference or prejudice in the offering or furnishing of services in the transportation of such vehicles or containers, or in the rates charged therefor.

The respondents and other interested parties, including shippers, are invited to submit by September 4 statements describing their operations or use of piggybacking and other substituted-service arrangements. And the Commission has directed its Bureau of Inquiry and Compliance to participate in the case "for the purpose of developing the evidence and the issues."

A prehearing conference, conducted by Commissioners Herring and Tucker, will be held October 9 at the Commission's Washington headquarters. This is for the purpose of agreeing on procedures, including a schedule for hearings and special rules to expedite handling of the case.

Railway Age to Publish Four Issues in July

Because of the five Mondays in July, at the season when vacations reduce both editorial and printshop forces, Railway Age will combine the July 16 and July 23 issues into a single issue. The combined issue, dated July 16/23, will be mailed to readers on Friday, July 20.

Merger Freeze Could Mean Bankruptcies

► **The Story at a Glance: The railroad industry's presentation in opposition to the merger-moratorium bill sponsored by Senator Kefauver (D.-Tenn.) including warnings that the proposed freeze could bring on bankruptcies. The presentation was made last week by Chairman James M. Symes of the Pennsylvania and Presidents Jervis Langdon, Jr., of the Baltimore & Ohio and Leonard H. Murray of the Soo Line.**

Hearings on Senator Kefauver's merger-moratorium bill were resumed last week with railroad management's opposition presentation which was expected to be followed by testimony of government agencies, including the ICC and the Commerce and Justice departments.

The moratorium bill is S.3097. It would amend Section 7 of the Clayton Act to suspend until Dec. 31, 1963, the anti-trust immunity now accorded big railroad mergers approved by the ICC. The effect would be to stay Commission approval of mergers or acquisitions-of-control involving railroads with assets of more than $200 million—unless they were in trusteeships or receiverships. The hearings are being conducted by the Senate's Subcommittee on Antitrust and Monopoly which Senator Kefauver heads.

Chairman Symes of the PRR told the subcommittee that the developing pattern of mergers involving Eastern railroads "is an absolutely indispensable step for rescuing them from the inevitable results of a steadily deteriorating situation, more likely to involve the railroads with the bankruptcy laws than with the antitrust laws." Regrouping the Eastern lines into a smaller number of "competitively balanced systems" is the "only way they can lay the groundwork for future effective service to the public and reasonable prosperity for the industry," Mr. Symes added.

He went on to say it had been estimated "conservatively" that savings from consolidations in Eastern territory could amount to as much as $200 million a year—an amount which the Eastern lines "desperately need." As to charges that the proposed mergers would promote monopoly, the PRR chairman said the Eastern roads "are actually looking down the road to nationalization," which is the "most dangerous monopoly of all."

Noting that the New Haven is already in bankruptcy, Mr. Symes said a series of other failures "could very well cause nationalization." He followed through to warn that "unless railroads in deep trouble are permitted to use consolidations and mergers as self-help, the public is very likely to see the very ultimate in monopoly, government ownership and operation."

Mergers now proposed in Eastern territory would not deprive the public and communities of competition, Mr. Symes continued. He explained that his road and New York Central, which have a merger application before the ICC, serve 384 communities of over 10,000 population; and all but nine of these communities have railroad service in addition to that of PRR or NYC. Asserting that there is "far more" railroad service in Eastern territory than there is need for, Mr. Symes added that it was "not unusual for some small and medium sized communities to have as many as five or six railroads starving to death on business that one or two could handle profitably and with definite improvement in service."

Responding to Senator Kefauver's questions, which referred to the prospective size of the proposed PRR-NYC system, Mr. Symes said that "not too far back" the PRR alone was larger than the merged company would be by every measure except miles of line—it had more employees, more equipment, and more ton-miles of traffic. The PRR chairman also said it was not the intention to have the merged company abandon any lines, although it would abandon track on multiple-track lines, consolidate terminals, etc.

Coordination is definitely not an alternative way of effecting economies available through merger, Mr. Symes told Senator Kefauver in response to other questions. The PRR chairman went on to recall that when he was vice-president of the AAR, in the 1935-39 period, the Association's board of directors assigned him the job of determining whether 700 coordination possibilities turned up by the Federal Coordinator of Transportation (the late Joseph B. Eastman) could be effected. Dispositions of involved railroads to protect what they considered their favorable positions, difficulties of reaching agreement on coordination terms and other obstacles were such that only 30 of the 700 projects were consummated. Mr. Symes said. He also said that efforts to coordinate PRR and Reading services between Philadelphia and New Jersey shore points were unsuccessful until the competing companies were merged into Pennsylvania-Reading Seashore Lines.

President Langdon of the B&O said his company would receive great momentum and help from unification with the Chesapeake & Ohio. (C&O is now an applicant at the ICC for authority to acquire control of B&O as the first step toward merger of the properties.) "The future well-being and prosperity of the B&O as an important Eastern system may well be contingent upon prompt affiliation with the C&O," Mr. Langdon also said.

He went on to reply to contentions that merger plans now before the ICC might fail to produce well-balanced systems and thus lessen competition. On that issue, the B&O president had this to say:

"Instead of suppressing competition, railroad consolidations, including acquisitions of control, have the completely opposite effect of promoting competition by strengthening individual railroad competitors. Instead of producing haphazard, illogical combinations of railroads, the presently pending consolidation proposals, have, in every case, met the practical and initial test of stockholder approval, and under our private enterprise system, such approval must precede ICC authorization. Consolidation proposals that stockholders will not accept can only be advanced under government ownership, and this is true no matter how logical and nicely balanced the proposed consolidations may be on paper."

Like the proposed C&O-B&O affiliation, Mr. Langdon said, the other pending merger and acquisition-of-control plans for eastern roads are designed "to strengthen the railroad form of transportation and place it in a better position to survive the cut-throat competition of the other forms of transportation which this government and preceding ones have encouraged, often with huge subsidies, direct and indirect, and a freedom from any form of economic regulation." There is "no possible basis for delaying any of these consolidations in the interest of preserving competition," Mr. Langdon continued, adding that "on the contrary, the greatest possible expedition is required if the railroads are to remain in the competitive race under private ownership and control."

The "so-called transportation experts" will never agree on what is the "perfect" merger plan for the railroads, nor will owners of component railroads agree

RAILROADING AFTER HOURS WITH JIM LYNE

FREE TRIP TO BRITAIN—By means of a realistic movie, that is. A couple of weeks ago, as a guest of the British Railways' U.S. office, I had a look at a splendid 35-minute black and white film, entitled "Terminus," which depicts in detail the operations of a large London passenger terminal (Waterloo). While intended for showing to the general public, the picture portrays a lot of behind-the-scenes railroading which any railroader will enjoy —especially the enthusiasts for steam power.

A good many of these foreign railways with offices in this country have movies showing how they railroad; and, I'd suppose, all of them would make mighty interesting side-shows for meetings of railroad and traffic clubs everywhere.

There's no trend in current railroading that's running stronger (or so it strikes me) than curiosity about railroading in other countries. Probably it's the fierce competition that faces all railroads that has set railroaders to looking around eagerly for new ways to improve the quality and economy of their service.

'PARTY OF BUSINESS?'—I see where former President Eisenhower has said that the Republicans are "the party of business." Maybe (speaking of his own administration) he is correct, as to some businesses— but he could hardly have intended to include the railroad business.

As I recall, his activity in the direction of removing inequities from the railroads consisted in sending up to Capitol Hill a couple of very able reports, but without recommendations for remedial legislation. Federal appropriations in behalf of transportation agencies that compete with railroads rose from about $1 billion a year in his first year of office to over $4 billion in the fiscal year 1961 —a trend which shows no signs of a downturn.

There are a lot of Republicans who are sincere friends of the railroads, and of sound economic policies for transportation. There are also many Democrats in the same estimable category. Virtue (and its opposite) as regards transportation is not a monopoly of either party.

CARR SHERRINGTON HONORED—I have a note from C. E. R. Sherrington —whose retirement as head of the British railways' information service was noted here (Apr. 16, p. 25). He tells me he has had scores of letters from all over the world (many from North America), wishing him well, now that he's out to pasture; and expressing appreciation of his service to the industry.

Nobody ever asked Carr Sherrington for railway information without getting what he was looking for, if available. And, I should add, there are now quite a few people who are emulating his performance. I'm leery about naming any of them, for fear of (1) omitting some that should be included, and (2) burdening them with inquiries. But such people are an indispensable component of progress in railroading; and we could do with more of them, and more encouragement of their work.

AUTOMATICALLY OUT AT 65?—I note that the directorate of a great railroad has decided not to retire its able and active chairman at age 65, but to avail itself of his wisdom and experience for a while longer. I have heard all of the arguments for mandatory retirement at a certain fixed age—and some of them are quite persuasive. But it's encouraging to see this rule not always slavishly observed.

It is true that, in times past, there have been companies (not necessarily railroads) that may have suffered from senescence at the top. Is it not equally possible that a company could suffer from too high a proportion of inexperienced managers?

No amount of experience will offset inadequate intelligence. At the same time, intelligence devoid of experience has two strikes against it; and its failure puts intelligence itself in a bad light.

FIRST ROLLER BEARING—While there do appear to have been a couple of experimental applications of roller bearings to railway (i.e., interurban) rolling stock prior to World War I, E. K. Lofton of SKF Industries has sent me a clear photograph of a 1921 commercial application. The photo shows plainly a PRR coach equipped with roller bearings. Mr. Lofton advises that these bearings were applied in June 1921, to six of these coaches— and remained in service until 1939, when their removal was required because of changes in design. He believes this was the first *commercial* application of roller bearings to railroad rolling stock.

in all respects with such a proposal, Mr. Langdon also said. "Thus," he concluded, "the 'perfect' plan for consolidation would fall flat and nothing could be accomplished. There is no excuse for delay in deciding these consolidation proceedings while time is taken to 'study' more perfect plans."

President Murray of the Soo Line warned that passage of the bill would damage the already-weak railroad industry. He went on to say that present laws governing railroad mergers adequately protect both the public interest and the specific interests of railroad employees.

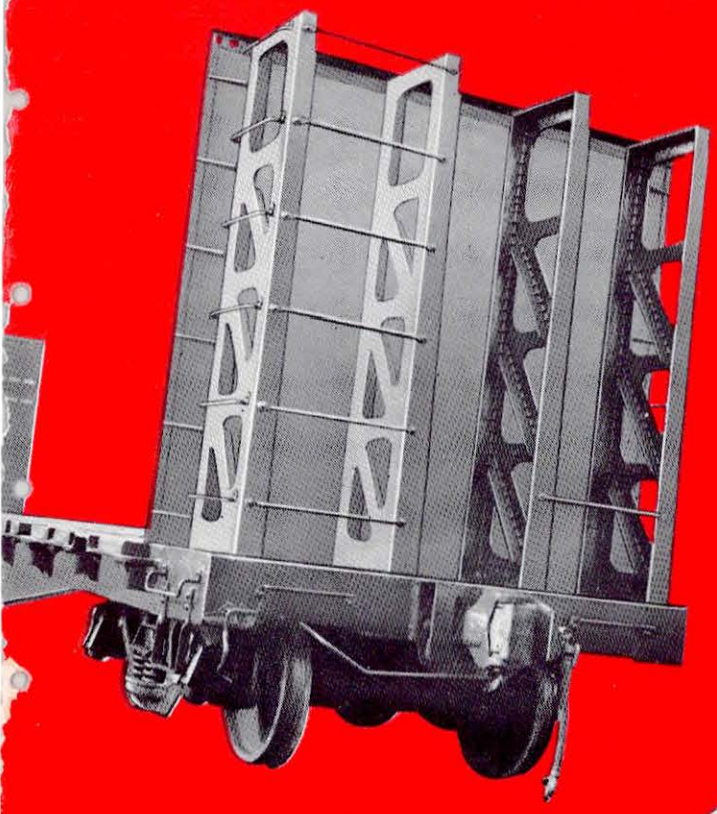
The road which Mr. Murray heads is the product of a recent merger. Soo was formed January 1, 1961, through merger of the Minneapolis, St. Paul & Saulte Ste. Marie, the Wisconsin Central and Duluth, South Shore & Atlantic.

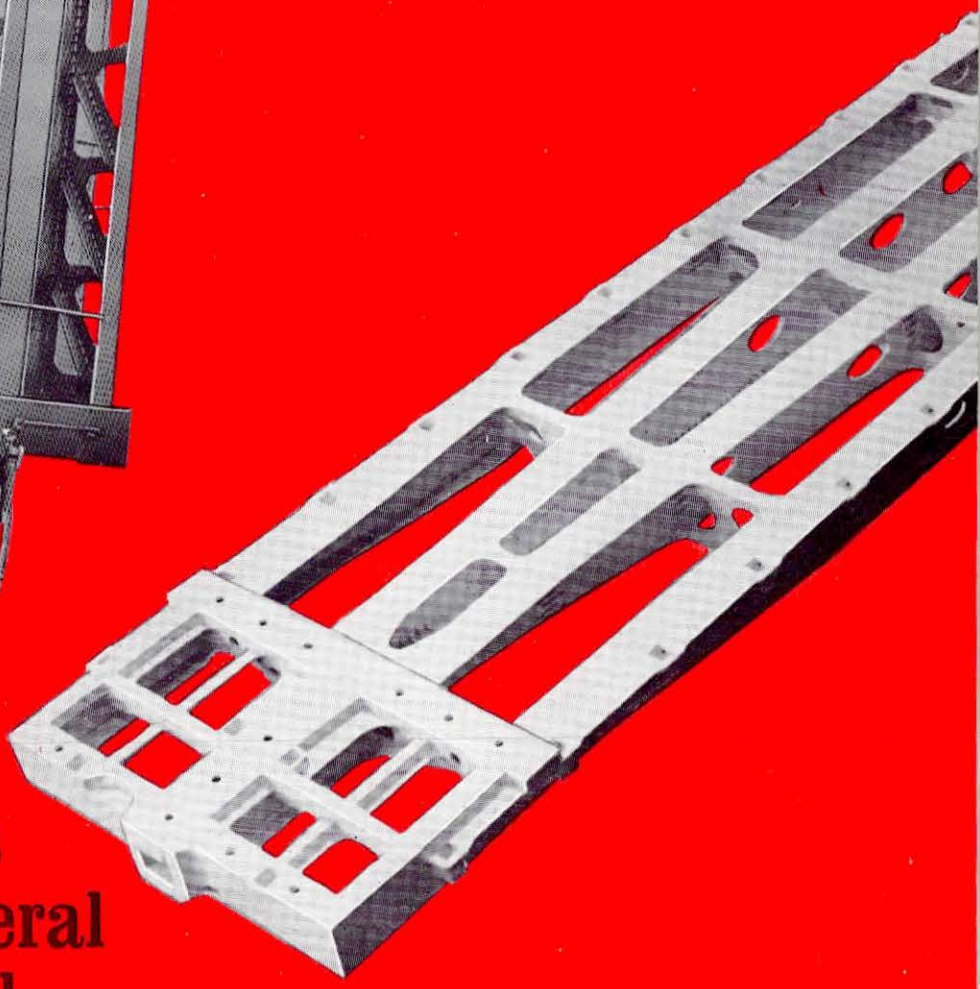
"Our national transportation policy," Mr. Murray said, "does not conceive of rail carriers as completely independent units operating in isolation. Rather, in a broad sense, the nation's railroads are partners in rail transportation. Because of depressed earning power and decreased funds for capital improvements, weak rail carriers are pulling downward the relatively stronger carriers. I believe the earning power of the carriers is so depressed and the modernization of our national rail plant so inadequate that this country cannot afford to defer consummation of mergers in our industry."

Referring to the concern about the impact of mergers on railroad employment, the Soo president noted that railroaders have protection arrangements "which no other industrial group enjoys, except airline employees." Mr. Murray also noted the declining trend to railroad employment, which is "unsatisfactory to employees," and he went on to advise that "the best assurance to rail employees is a strong, competitive and profitable industry." Mergers, he predicted, "will make a contribution to such a goal, and will ultimately be an important factor in the expansion of total rail employment."

Among other presentations in opposition to the bill was that filed on behalf of the National Industrial Traffic League by its executive secretary, L. J. Dorr. The statement expressed the League's view that "the public interests are well protected in the procedures presently available before the ICC." It went on to ask Congress "not to hinder or impede in any way any well-conceived merger proposal which may be presently before the Commission or which may be submitted to the Commission for approval."

The statement also said the League has always felt that mergers "should be made on a voluntary basis."





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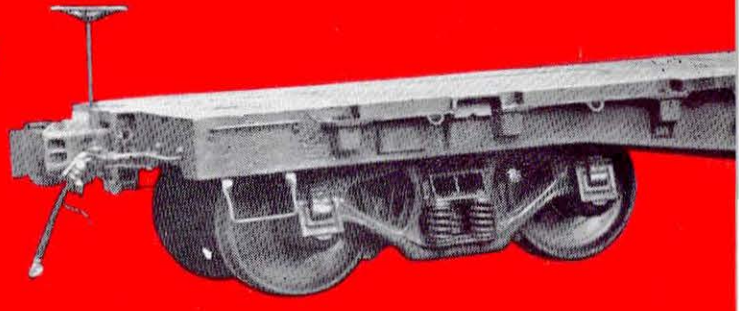

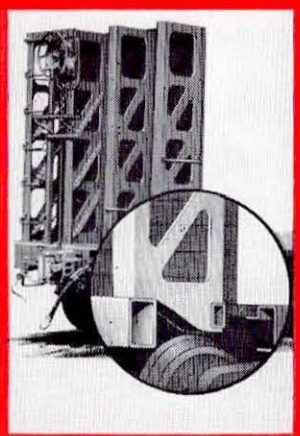

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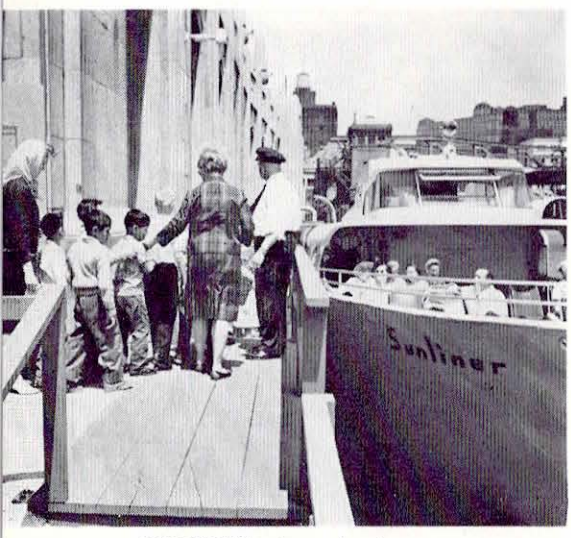
MAJOR VILLAIN responsible for C&NW's reluctant decision to go for a fare increase is the multi-million dollar Northwest Expressway (far right), opened last year. The situation underscores two of North Western's basic commuter philosophies—(1) The railroad has great untapped capacity, the expressway doesn't; and (2) it's poor planning which results in construction of duplicating facilities parallel to facilities already doing a satisfactory transport job.

C&NW Pushes Its Commuting Service



BOOMING tour business sprang up after C&NW and a Chicago sight-seeing boat operator started coordinating services and offering a cut-rate, combined fare for commuters. Groups can travel between home and city via C&NW, then board a boat for a river-lake tour—without ever having to venture out onto Chicago's busy streets. It's a plus that's paying off for the North Western, especially in patronage from small-fry groups such as school children and Boy and Girl Scouts.

► **The Story at a Glance: It is conceivable that as much brain power has been applied to the short-haul moving of the commuter multitude as has been put to work sending Astronauts Glenn and Carpenter around the world—but mass-transportation success seems to be the harder to come by.**

Among railroads, a few stand out as latter-day pioneers at the art of moving masses of people. One, the Chicago & North Western, is wrapping up almost four years of concentrated effort toward improving both its own position and that of its 40,000 daily riders.

As of mid-1962, C&NW again finds itself fighting a suburban-service deficit. At the same time, the road's optimism continues unchecked. North Western believes its basic concepts are sound—and that the commuter break-even point, reached two years running, can be approached again.

When the Chicago & North Western recently filed application for a 10% increase in commutation fares, the road got a call from one of Chicago's transportation writers who asked: Does this action mean the North Western is throwing in the towel and admitting that commuter service can't be made to pay?

He got a quick and emphatic "No"—because North Western, from Chairman Ben W. Heineman on down, still believes that the break-even days of 1959 and '60 can be brought back. And never mind the deficit rate of $2,000,000 per year at which the service is now running.

F. V. Koval, director of commuter and passenger services, thinks it may be two or three years before the red ink is erased. The proposed fare increase by itself won't do it, even if North Western doesn't lose a single rider. And this is where the road's faith in the accuracy of its basic concepts comes in. If C&NW is right—and the evidence of 1959-60 indicates it is—these principles will bring the payoff:

- The mass transportation job is one of moving people, not vehicles. North Western, facing the "trap of vehicle congestion," went to the highest-capacity equipment it could buy—161-seat double-deckers—and cut its vehicle problem in half (200 new cars replaced 417 old ones).
- Mass movement of people must be viewed, overall, as a coordinated operation—not necessarily through common ownership of various transport media, but through the type of coordination in which each operator plans as though he owned the whole system, rail-transit-highway-and-all.
- People want door-to-door service, and if mass transportation agencies don't give it to them, then they'll go by

automobile—and that leads, in vicious style, to deterioration of city downtown areas and to eventual starvation of the transit operations.

- There's money to be made in providing off-peak service. North Western has added trains on all three suburban divisions, now furnishes hourly service through the day and evening until after midnight. It has also experimented with bargain fares for off-peak riders—and the latest proposed reduction will even permit cut-rate rush-hour riding in the reverse direction to the volume movement.
- Mere provision of new equipment —no matter how comfortable——won't bring success. Quality of service has to match quality of equipment. And the operation has to have the benefit of applied imagination in promotion. Last year. C&NW poured more than $135,000 into newspaper, radio and direct-mail advertising. The 1962 budget calls for a $144,000 expenditure, most of it for 8-second spot commercials on three Chicago television stations. The theme: "Why suffer in traffic? Ride North Western air-conditioned Commuter Streamliners—and RELAX."

North Western made its big splash with its equipment program— a $46,000,000 expenditure for all-new-air-conditioned coaches and conversion of locomotives for push-pull operation. But if the road had stopped there, its deficit today still might well be beyond recovery.

'Door-to-door' service

Much of what C&NW has done, over the past four years and in connection with the equipment purchases, has revolved around the concepts of coordination and provision of door-to-door service. There have been certain interesting—and profitable—by-products.

Take, for example, the so-called "Commuter Cruisers" — sightseeing boats, run by independent operators, which now give many of C&NW's commuters a coordinated rail-water service. More than 55,000 commuters have used the boats to move non-stop between North Western station and the north end of Chicago's business district, via the Chicago River. The trains and the terminal were there; the river was there; the boats were using it. But the coordination of services took first an idea, then months of refinement and ground-laying.

North Western got the idea—and the months of work have paid off in (a) commuter satisfaction; (b) more free publicity than the operation probably deserved; (c) a popular and profitable by-product in tour business, in which groups of 20 or more persons can ride North Western commuter streamliners and take one of two river-and-lake tours for a cut-rate combined fare.

In four weeks, North Western and the boat operator have already booked more than 2,000 tour customers. By the end of the season, they're figuring on more than 5,000—and business should be even better next year, because the operation got a late start this past spring and missed out on a good part of the school trade.

Just as gratifying, so far as the railroad is concerned, is the fact that this is all new business—and that it hits the suburban youngsters who may become regular commuters within a few years.

The train-boat tieup is the most offbeat of North Western's efforts—but it's just one of many.

- In several suburban communities, C&NW has arranged joint rail-bus fares which offer savings to users accustomed to paying separate fares. It's worked fine—up to a point. The problem is that bus operators, even in the largest suburban communities, still have a sketchy operation. In one community, for example, buses meet only two morning trains and two evening trains—and there's no off-peak service. But North Western figures the bus service will develop as the community does—and when it does, there'll be the framework on which to build a coordinated door-to-door service.
- In a number of towns, North Western has rented space in the station waiting room for taxi dispatchers. The taxi company ordinarily gets a break on the rent; passengers get immediate service on cabs; and the dispatcher serves as a station "monitor" whose presence is a reassurance to women passengers using the depot late at night, and a deterrant to vandalism. Eventually, the railroad hopes its stations will become the hub of transportation in each suburban community, with rail, bus and cab service all available at one point.

These coordinations, however, are piecemeal propositions. And, in the absence of more thorough-going coordination, North Western—along with most other mass transport agencies in the Chicago area—is suffering.

C&NW would like to see a high-calibre, professional organization created—perhaps with state funds—to function first as a study group and possibly later as a permanent coordinating agency.

Oddly enough, the railroads, the Chicago Transit Authority and county highway officials are pretty much in agreement that overall planning is needed. The trouble has been that most transportation studies have been sponsored or financed by one specific agency or another—and the results, viewed as oriented toward the sponsor, haven't been fully acceptable to the other modes of transportation.

There are, however, signs of progress Chicago has experienced a new—and mostly unforeseen—surge of downtown building. It is becoming increasingly disenchanted with the expressway theory of moving people (the newest freeway, the $292,000,000 Edens-Northwest Expressway, is believed to be operating near its capacity already, while parallel C&NW still has untapped capacity). And finally, there is a growing desire in business and political circles for a professional study, handled by an outside firm and publicly financed by the city, to consider the problem in the overall, without fear or prejudice.

Unfortunately, for a while North Western will continue to suffer from past mistakes (not its own) and from the delays which, even now, plague urban transport planning.

Taxpayer-financed concrete

Northwest Expressway, that $292,000,000 strip of taxpayer-financed concrete, was the big factor in a 7.2% drop in C&NW commuter patronage last year. Errors of omission in planning the city's subway system years ago bar another desirable coordination (the new subway system doesn't connect directly a single Chicago rail terminal with the central business district). And finally, regulatory agencies won't let the beleagured Chicago North Shore & Milwaukee go out of business, as it's been trying to do for the past four years. CNS&M has been doing about $4,800,000 in passenger business—and if C&NW could pick up just half of these riders, it might be able to hit the break-even point again. But the North Shore hasn't been permitted to die.

There hasn't been any significant opposition to North Western's proposed fare increase—yet. Letters to Mr. Koval and other C&NW officers are running about 10 to 1 in support of the road's move. But this is the third increase the company has sought in the past five years—24% when the suburban service was completely revamped in 1958, 7½% about two and a half years ago, and now 10%.

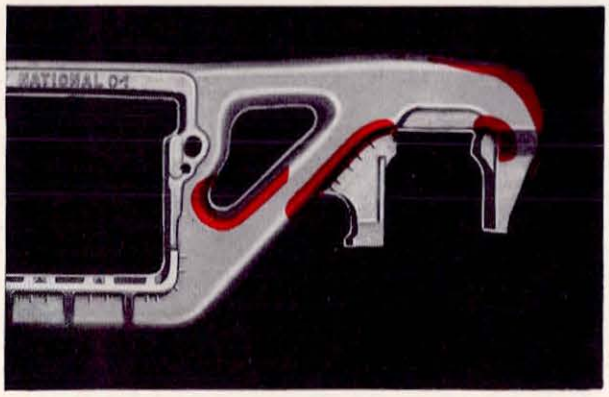
So far as Mr. Koval is concerned, a fare hike "is the hardest way out. There's always the danger of pricing yourself out of some riders. Pricing is only one of many keys to profitability in suburban service—just as in any other business."

That's why C&NW is exploring every idea its people can come up with to bring in more new-business revenue. As the road told its commuters, "Every new rider we gain through innovation and experimentation will help keep . . . commuting costs at the lowest possible level."

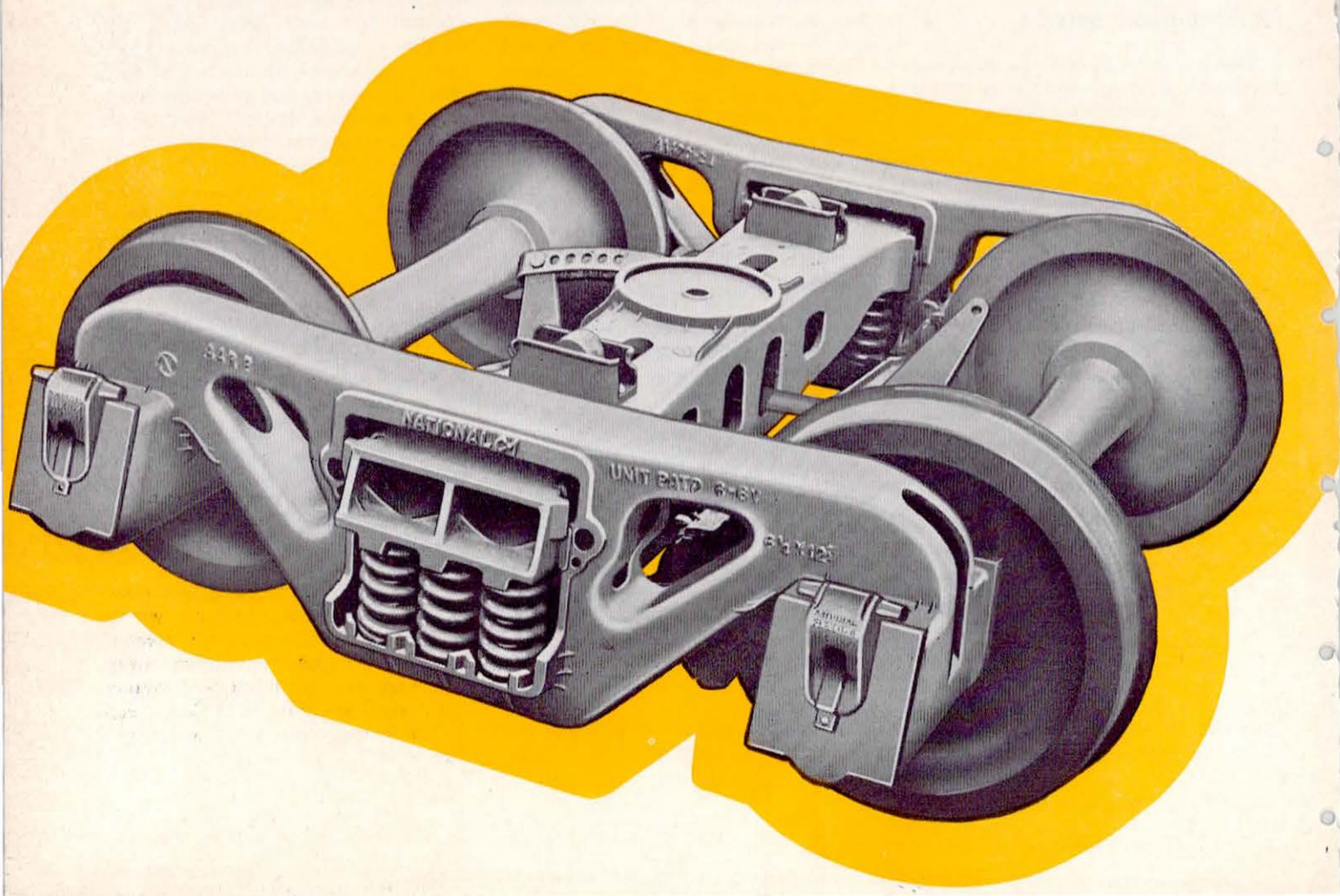
New 6½ x 12 Heavy Duty

NATIONAL

feature stronger tension



Color overlays show strengthened areas. Strengthening has been accomplished by redistributing metal so that over-all frame weight remains unchanged. New tension member design, of inverted "U" section at lower part and conventional "U" at upper part, reduces stresses 28% at lower part and 20% in upper part compared with conventional sections of same size. More even stress distribution throughout whole frame is feature of new design.



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Service-Proven C-1 Snubbing Mechanism Gives Smoothest Ride at lowest Maintenance

■ The new 6½ x 12 truck is the top of the C-1 Truck line — the most desirable heavy-duty freight truck in production. Through a scientific approach to the problem of metal redistribution, it has greater strength without any increase in over-all frame weight . . . has an even stress distribution that shrugs off high impact forces.

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■ No matter which National Truck you pick, you get these important C-1 Truck advantages: Smooth ride . . . longer wear life . . . proven maintenance economy of less than 5 cents per C-1 Truck in service over a 14-year period. *Or, to put it another way, about one-third of a cent per C-1 Truck per year for maintenance!*

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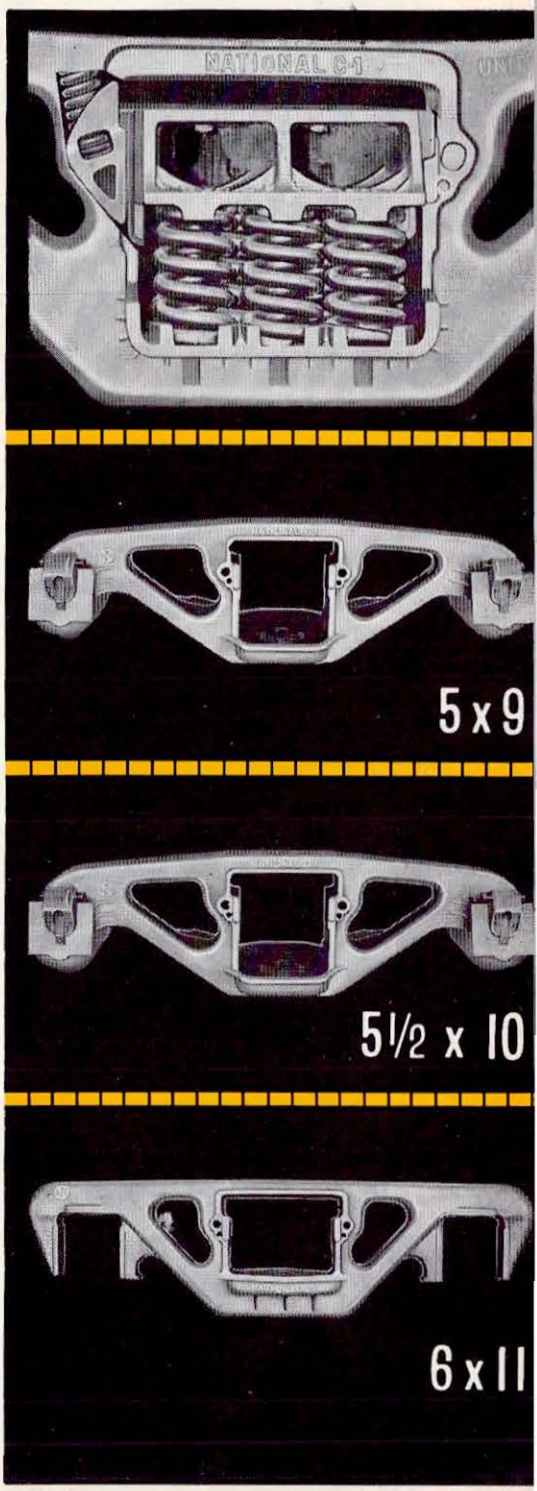

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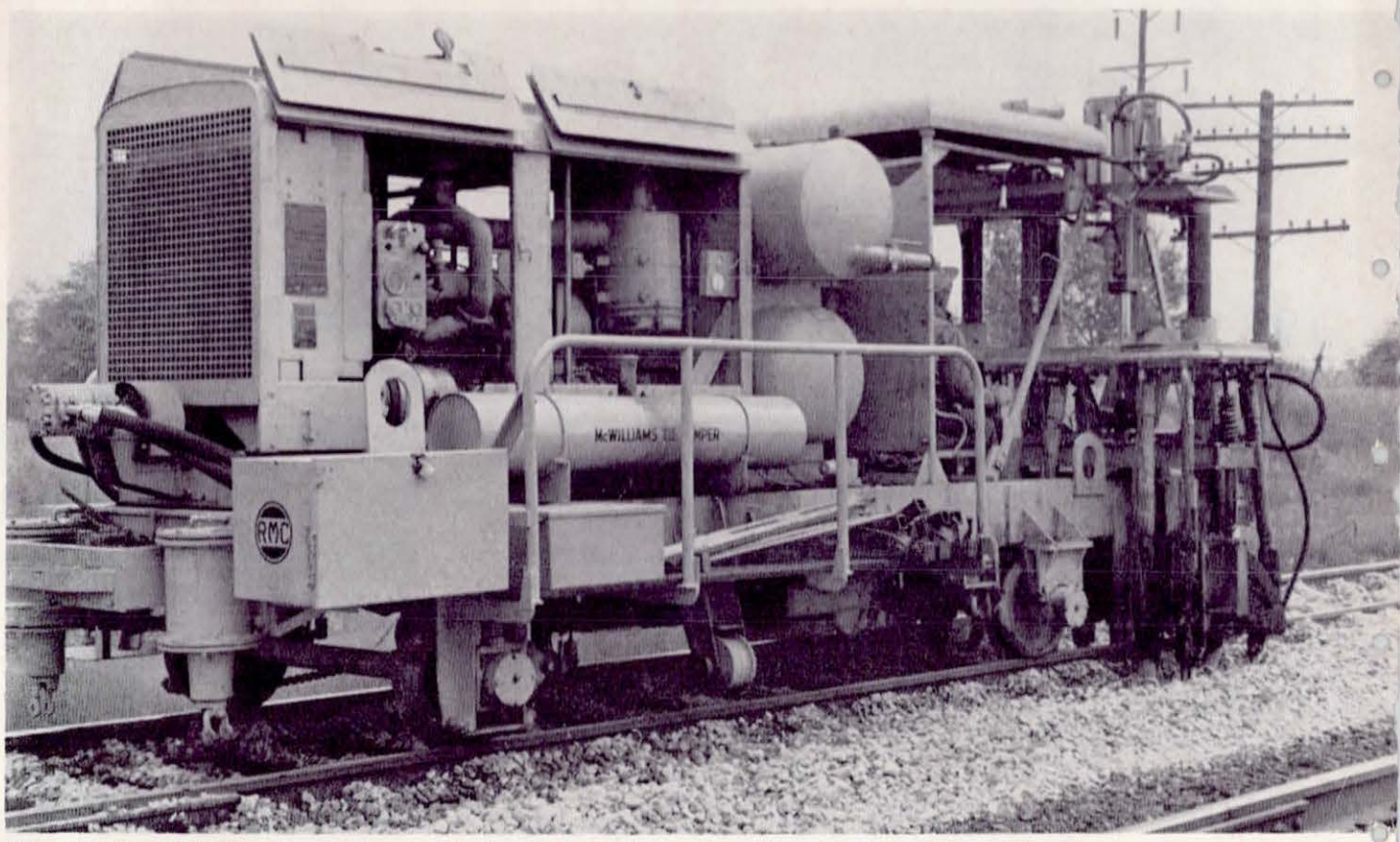
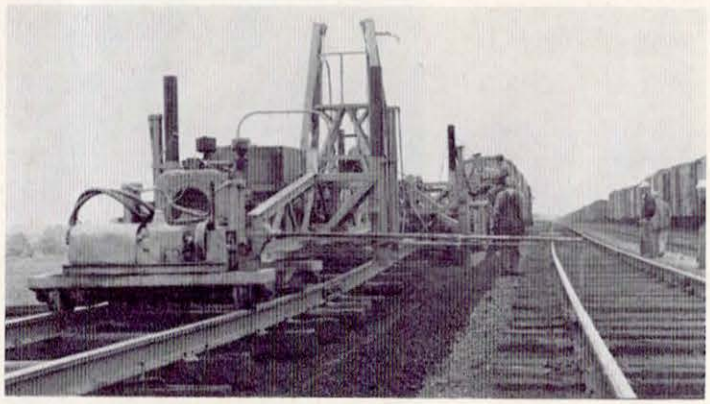
Modernized Tamper Works Like

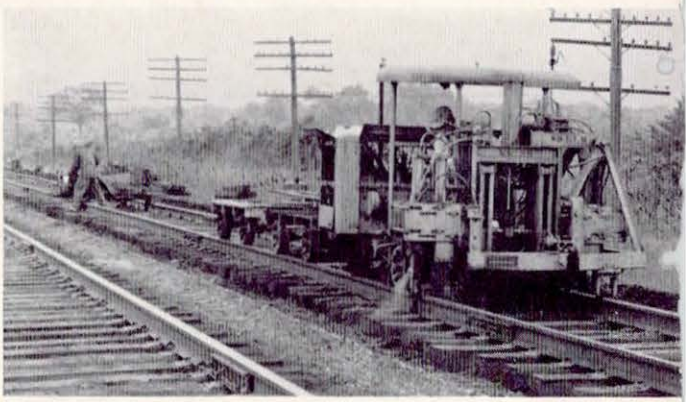


UPGRADED TAMPER incorporates all-hydraulic operation, except for the 16 tamping tools.

Main Operations on Plowing and Surfacing Job

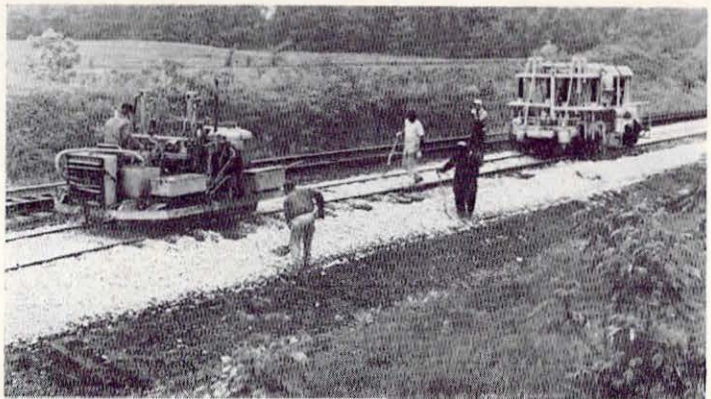


FOULED BALLAST is removed by Mannix undertrack plow and the poor crossties are thrown out to the left.



SPIKES, hand started, are driven down by RMC Spike-Master. Behind, RTW hydraulic liner rough lines track.

TRACK RAISE is made by Kershaw Super Jack-All under the direction of foreman (standing just ahead of tamper).



TAMPING every tie, the upgraded McWilliams tamper sets a strong pace of 950 ft tamped per hr.

New Model

► **The Story at a Glance: The second 16-tool production tamper built by the Railway Maintenance Corporation was purchased by the Baltimore & Ohio in 1951. The road recently had the unit completely modernized at half the cost of a 1962 model. Working it on a plow-and-surfacing operation, the B&O says it has the capacity of 950 ft of track tamped per on-track hour.**

"Very well satisfied," is the way J. T. Collinson, Baltimore & Ohio assistant chief engineer—maintenance, expressed himself in commenting on the performance of his 11-year-old production tamper, T-201. Assistant Division Engineer J. R. Spicer at Garrett, Ind., reports that the machine has tamped as much as 950 ft of track per on-track hour. This high capacity in such an old unit was made possible by having it completely overhauled and modernized by the manufacturer.

The tamper, known as the McWilliams Multiple Unit Air Tamping Machine, was the second 16-tool production tamper ever built by the Railway Maintenance Corporation. It was delivered in August 1951 to the B&O, where it was designated T-201. The machine was equipped with a 315-cfm air compressor and 16 pneumatic tamping tools. All operations were powered and controlled by air. Its productive capacity was about 300 ft of track tamped per on-track hour.

In 1955, the B&O shipped T-201 to the RMC plant for upgrading. This work included the installation of a new 600-cfm diesel rotary compressor and air-piloted controls for push-button operation. The effect was to increase the productive capacity to about 500 ft per hr.

In the spring of 1961, the B&O decided to upgrade the machine completely by incorporating the air-hydraulic design that had been introduced the previous year. Unit T-201 was again returned to the RMC plant where it was completely overhauled and modernized (see the accompanying box for details) at a cost of about half that of a 1962 model. Three other McWilliams tampers owned by the B&O have been similary upgraded.

Whereas all operations of the unit had been previously performed by air pressure, the new air-hydraulic model uses hydraulics for every operation except the 16 tamping guns. The 8-in. air-operated head-lift cylinders were replaced by hydraulic cylinders actuated by electric-solenoid valves operated by push buttons.

Other changes included the replacement of the propelling air motor with a hydraulic motor and the two-wheel drive with a four-wheel drive. These changes are said to decrease the time required for spotting, to eliminate slippage on wet rails and to provide greater horsepower for propelling up grades, for towing other equipment or for higher-speed travel. Although the same size engine is used with the air-hydraulic unit, increased efficiencies in the various operations are said to result in reduced fuel consumption.

Tamper T-201 is currently being utilized by the B&O on a project involving use of a Mannix under track plow in advance of a tie-renewal and surfacing operation on its westbound track near Garrett, Ind. The work is being carried out by a four-unit gang under a general foreman.

One unit, the work-train gang, does the plowing and also unloads the stone ballast for making a 4-in. track raise. It is comprised of a foreman, a machine operator and 6 laborers. The plow is of the Auto-Track type for double-track operation and is used about two days a week for plowing about 2.6 miles of track, at the same time kicking out the ties to be renewed. On the other week days the gang spreads 1½-in. limestone ballast at the rate of 30 cars per mile of track.

The second unit is a tie gang comprised of a foreman, 4 machine operators and 13 laborers. Four of the men pull the new ties into position with tongs. Tie renewals number from 300 to 500 per mile, and the fact that the number of ties per rail is being changed from 24 to 22 is having an effect on the progress of the work. With this unit a Nordberg power wrench is used to loosen the bolts in joints so that proper expansion gaps between rails will be restored.

Other equipment includes a Pullman-Standard tie spacer, a Fairmont W86 rail lifter, an RMC SpikeMaster, an RTW hydraulic track liner for rough lining, and a Kershaw Ballast Regulator.

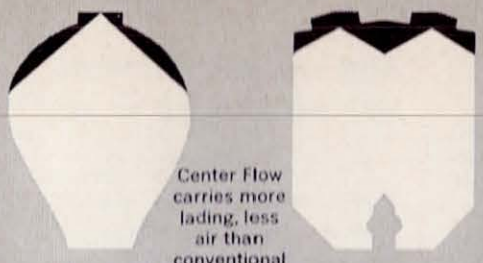
The third unit handles the track raising and lining. It is comprised of a foreman, three machine operators and three laborers. Equipment assigned to this unit includes a Kershaw Super Jack-All, the upgraded RMC tamper T-201, and a Nordberg Trakliner with Line Indicator.

The fourth unit of the force is a utility gang comprised of a foreman and four men. This gang does the necessary work at highway crossings and turnouts, and also assists in introducing the plow under the track and removing it.

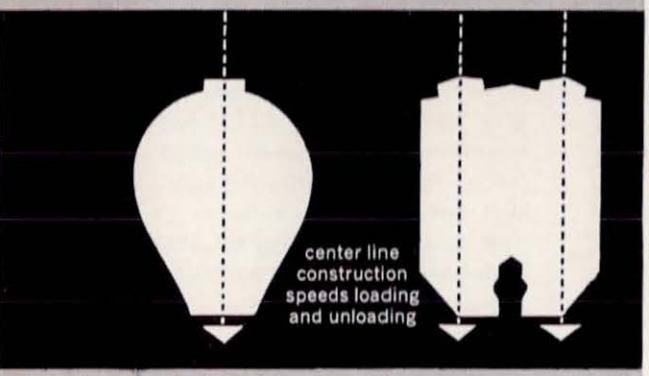
HOW THE B&O'S TAMPER WAS MODERNIZED BY RMC

Here's a list of the improvements made by the manufacturer in modernizing B&O's T-201 pneumatic production tamper:

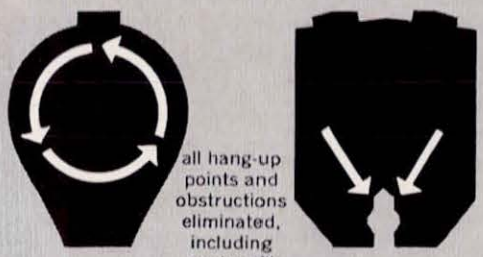
- Replaced existing 600-cfm compressor unit with a new I-R 365-cfm rotary compressor powered by a G-M 6V-71 diesel engine complete with a 115-volt generator and hydraulic pumps for operation of hydraulic cylinders and propelling motors.
- Re-worked tamping head to accommodate new hydraulic cylinder head-lift cylinders and hydraulic-control valves.
- Installed new style cam-adjusting rods for rapid adjustment of tamping depth, including changes in tamping-head frame and cam-support plates.
- Replaced existing air-motor drive arrangement with hydraulic drive including transmission frame.
- Rebuilt existing transmission to include new 2-in.-diameter output shaft.
- Installed four-wheel-drive arrangement with chain idler between transmission jack shaft and rear axle.
- Relocated operator's seat and installed new roof.
- Installed new foot control for four-wheel-brake system.
- Installed new control desk with push buttons to operate tamping heads and propelling motor.
- Installed complete automatic cycling device which permits cycling of both tamping heads independently (may be overriden by operator at any point of tamping cycle).
- Installed all new air and hydraulic hoses (Aeroquip type with renewable couplings).
- Installed all new cam rollers.
- Overhauled tamping guide posts to include all new bushings.
- Overhauled brake system.
- Straightened and reinforced main frame.
- Overhauled wheel, axle and journal-box assemblies.
- Made other repairs to insure trouble-free operation.



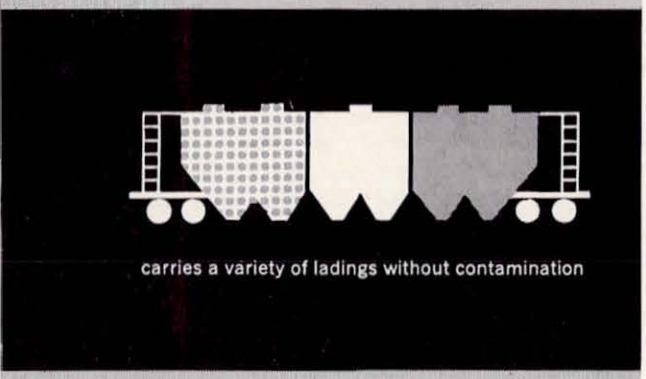
Center Flow carries more lading, less air than conventional cars



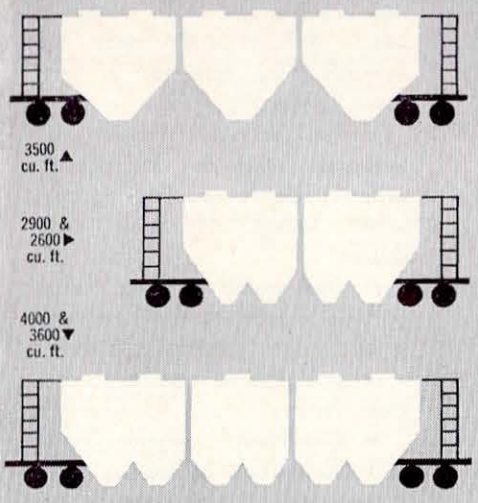
center line construction speeds loading and unloading



all hang-up points and obstructions eliminated, including center sill



carries a variety of ladings without contamination



3500 cu. ft. ▲

2900 & 2600 ▶ cu. ft.

4000 & 3600 ▼ cu. ft.

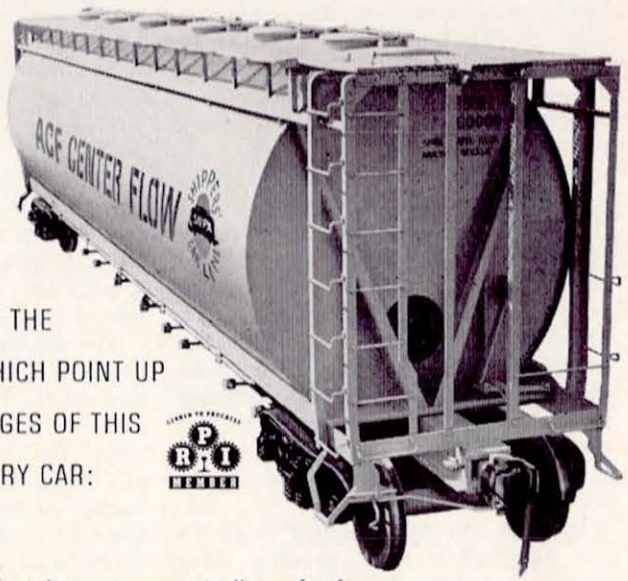
modular construction permits Center Flow to be manufactured in different capacities.

REVOLUTIONARY NEW

CENTER FLOW

BULK MATERIAL CAR LOADS AND UNLOADS FASTER, CLEANER, EASIER

ACF's new Center Flow can carry a wide variety of ladings, including plastic pellets, chemicals and foods such as flour, malt and other grains. Its clean interior, free from sharp angles and ledges, speeds loading and also facilitates quick discharge with either gravity or pneumatic outlet. The Center Flow's design versatility enables it to be manufactured in different capacities to provide the most economical transport of commodities of varying density. A further design advantage lies in the fact that the number of unloading hookups can be tailored to meet individual requirements.



FOLLOWING ARE SOME OF THE FEATURES WHICH POINT UP THE ADVANTAGES OF THIS REVOLUTIONARY CAR:

LOADING

- Center line hatch arrangement allows for faster, easier loading.
- Light weight increases payload.
- More effective use of cubage.

UNLOADING

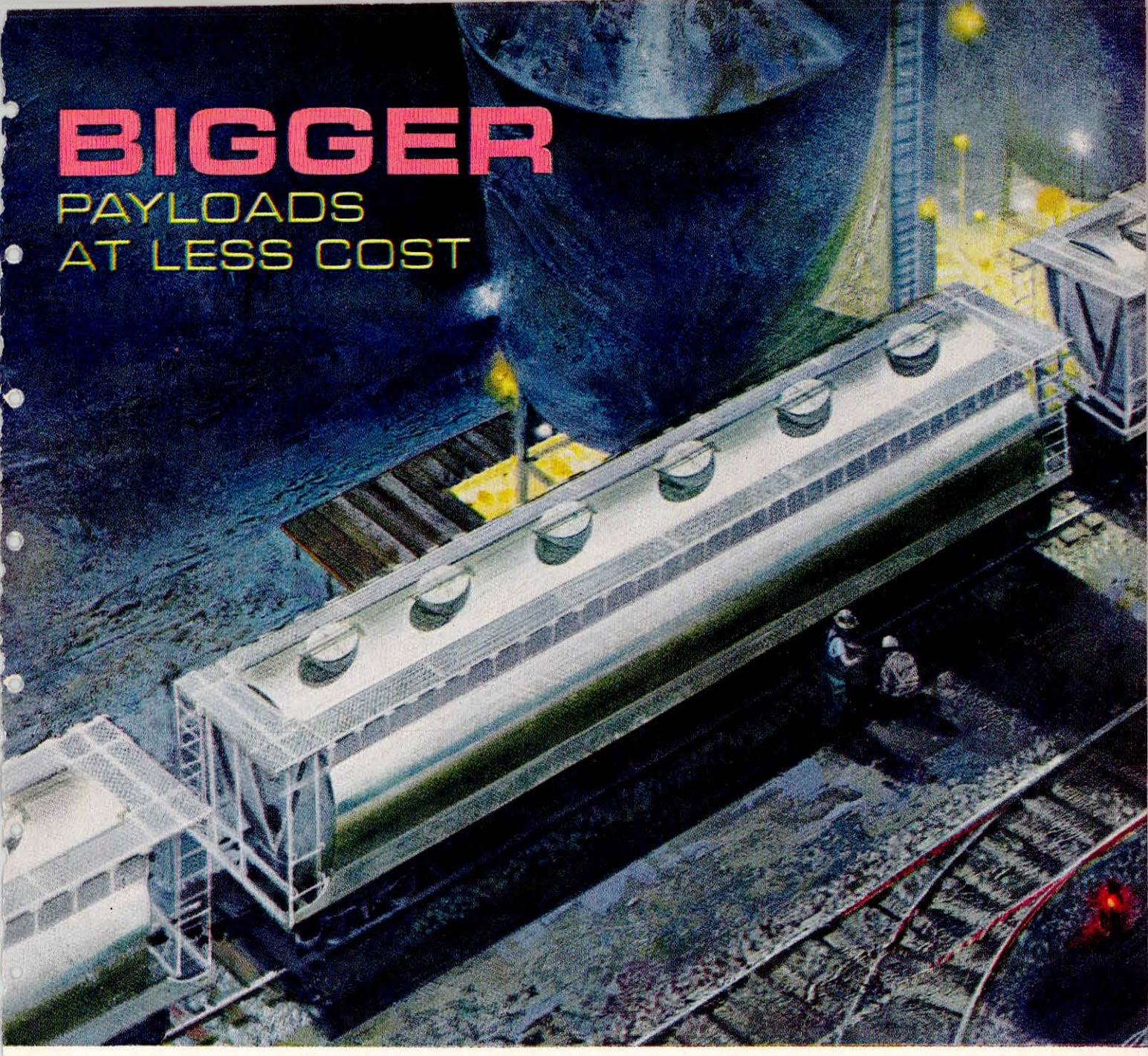
- Center line unloading.
- 50° slope angle allows faster unloading.
- Either pneumatic or gravity outlet.
- Single or double outlet per compartment as desired.

CONSTRUCTION

- Manufactured in aluminum or steel.
- Fewer hatches.
- Elimination of center sill.
- Elimination of side stakes, and carlines.
- Lower center of gravity.

CONTAMINATION-FREE

- Ease in lining preparation.
- "Clean Bore" design—self cleaning.
- Easier clean-out or flush-out.
- Individual compartments.
- Gasketed hatches with screw-down covers when required.



The revolutionary new Center Flow is the most advanced bulk material car ever built. Manufactured in either aluminum or steel, its large capacity enables it to carry bigger payloads than any bulk material car now on the rails, while its clean bore design and center line construction assure quick, clean and easy loading and unloading of dry bulk commodities.

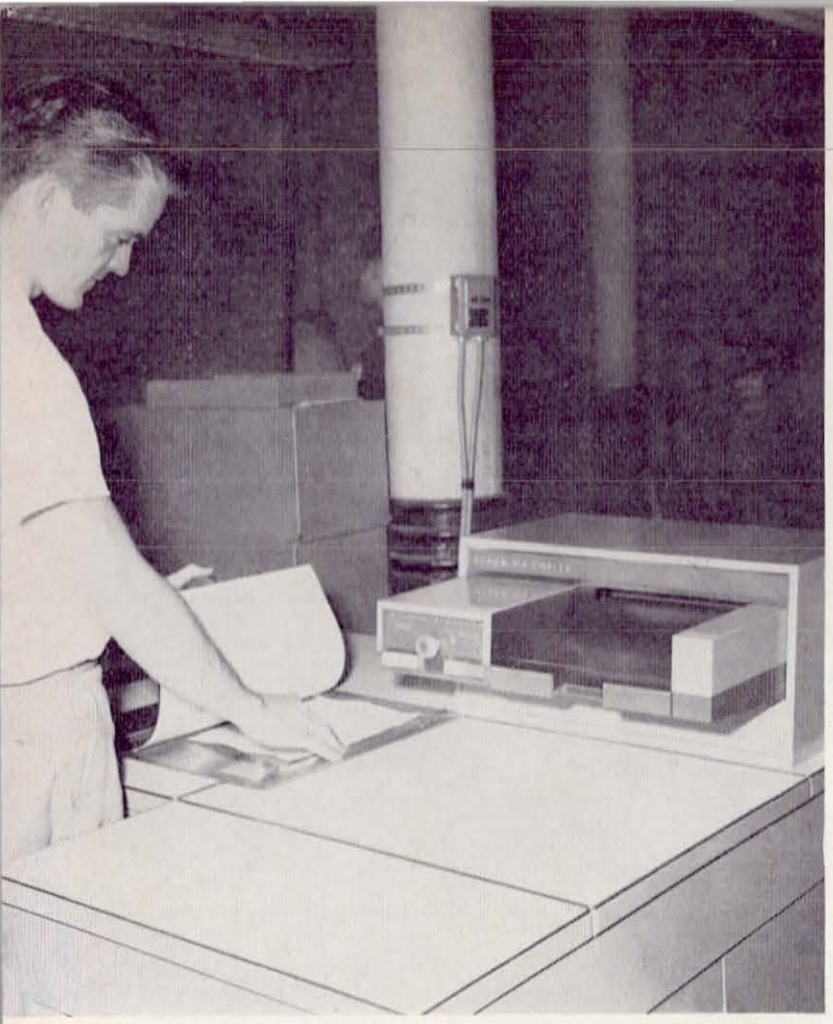
Write for new brochure describing the many advantages the Center Flow bulk material car can offer your organization.

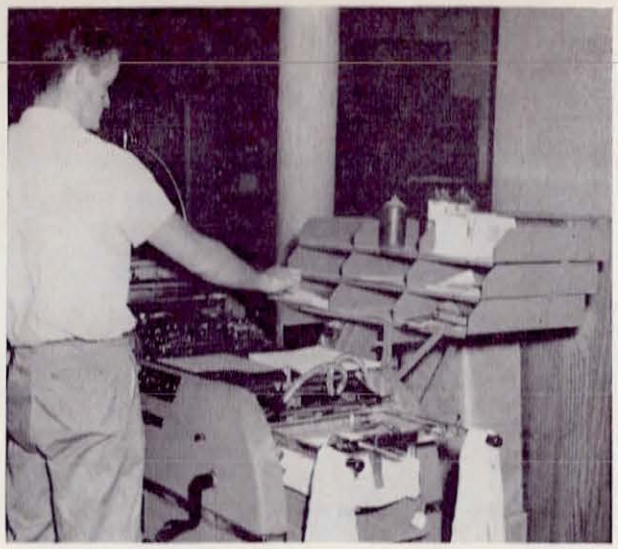
AMERICAN CAR AND FOUNDRY DIVISION, ACF INDUSTRIES, 750 THIRD AVE., N. Y. 17, N. Y.

SALES OFFICES: NEW YORK • CHICAGO • CLEVELAND • ST. LOUIS • SAN FRANCISCO • WASHINGTON, D. C. • HUNTINGTON, W. VA. • BERWICK, PA. • MILTON, PA.

AMERICAN CAR AND FOUNDRY
DIVISION

ACF INDUSTRIES





"PAPER MASTER" for the freight bill is made as the switch bill is typed. Here it is being fed into an automated Multilith machine which will produce the required copies at the rate of 7,500 per hour.

ON SHIPMENTS which require no switch bills, the waybill is placed on a Xerox copy machine with a mask which transforms it into a freight bill. The machine produces a copy on a "paper master" which will be run on the Multilith machine.

OPERATION SPEED-UP—18

New IC Billing System Saves Time, Money

The Illinois Central is saving time and money since having further mechanized its freight office operations with a new freight billing system. The system, by using photocopy and offset printing processes, has eliminated typing of freight bills.

The system is in use at New Orleans and at Chicago, where it was recently demonstrated for a group of accounting officers representing several midwestern railroads.

Making the system possible is a redesigned switch bill, which is identical to a freight bill except for the heading at the top and the inclusion of switching information across the bottom. The switch bill is typed, from the waybill, on a manifold set which has an offset paper master for the original. The master has a freight bill heading; all copies have switch bill headings. The freight bill master, two copies of the switch bill and the waybill are sent from the yard to the freight house.

At the freight house, the paper master goes to a rate desk. There it is rated and the freight charges entered with a special reproducing pencil. After the masters are sorted according to the number of copies required (averaging about 10), an operator feeds the master into a fully automated Multilith offset printing machine which can turn out 7,500 pieces per hour. In the printing of the freight bill, the switching information is dropped off the bottom line. The Multilith printer feeds into a sorter which separates the bills into stacks ready for their various purposes.

A different system is used for shipments on which no switch bills are made (including grain, cars going to hold tracks and all LCL). In this system, only the waybill goes to the freight house, and the freight bill is made directly from it. A mask is placed over the bill to cover the heading and to add one that says "Illinois Central Freight Bill." It also covers the bottom lines and adds a new one for "Total to Collect." With the mask over it, the waybill is placed in a Xerox copy machine which produces a paper master of the freight bill. The master is then handled through the Multilith operation to produce the required copies.

Maurice D. Partelow, IC superintendent of stations, sees five major advantages in the new billing system:

- It eliminates transcription errors.
- There is no loss of any special information that may be on the waybill.
- Materials for producing a 10-part freight bill cost about 1 cent, compared with 2.2 cents for manifold sets.
- All copies are always legible.
- The billing is done in much less time than before. All freight bills go out on the same day the waybills are received.

Additional advantages are gained from the new system since the equipment can be used for general copy work and for reproducing, on the spot, any forms needed in the office.

Systems Approach Offers Big Payoff

► **The Story at a Glance: A tremendous pay-off potential is available to railroads if they use the systems approach in solving problems. "Organized common sense" is how one speaker defined the systems approach at the recent Railway Systems and Management Association seminar on large scale systems study. The concepts of the systems approach are simple, another speaker stated, but to carry them out is a complex and laborious task. The latter facet is the one that "scares" many railroaders, but " there are experts to do this work," another speaker commented. Management, he said, should be concerned with the overall picture, which is really what the systems approach is all about—looking at the problem as a whole and showing how all factors are related and act upon each other.**

Savings of 100 locomotive units was the payoff for the Southern Pacific as a result of a systems-approach study of locomotive utilization and the facilities for servicing, repairing and maintaining its locomotive fleet.

Historically, SP locomotives operated out of pools, were serviced and maintained on a divisional basis, John N. Cetinich, reported to the June 28-29 Railway Systems and Management Association seminar on systems study in Chicago. Mr. Cetinich, SP's assistant manager, specialized operations, said the systems approach of looking at the railroad's locomotive fleet operations over the entire SP system showed that locomotives spent an average of 54% of their time working and 46% of the time undergoing maintenance.

Other results of the locomotive study included establishment of centralized control of motive power distribution, reorganization of locomotive pools, improvements in mechanical department repair and in service organization acquisitions, and some planned expenditures on new facilities were avoided.

The SP's empty-car-cleaning-and-conditioning network was the subject of a systems-approach study, Mr. Cetinich said. The number of such facilities was reduced from 177 to 46, as a result of the study. Also, SP was able to standardize equipment and facilities. One change is that maintenance and cleaning are done on the same tracks at each of the 46 facilities, as contrasted with separate cleaning and repair tracks at previous facilities. Another result has been the standardization of car classifications pertaining to cleaned and upgraded cars.

An SP locomotive fuel-distribution study prompted the road to construct pipe lines to the larger consuming points. At small consuming points, the railroad buys fuel from local suppliers. In addition to greater economy, the new fuel distribution system has released tank cars for revenue service.

Cybernetics, systems engineering, industrial engineering, control engineering, operations research, feedback and similar terms are really the same thing —system analysis or the systems approach to problem solving, Dr. A. Alan B. Pritsker told the RSMA seminar. Systems approach is a way of looking at problems, said Dr. Pritsker, who is the Battelle Memorial Institute's assistant chief, systems engineering division. The systems approach shows the components of a system (or problem under study) and their relationship. The systems approach requires the problem solver to think about the system or problem as a whole, not just a narrow range or part, Dr. Pritsker pointed out. Systems approach shows the dependency and interaction of the parts of a system or problem, and most important, shows how one change in a part of the system affects the entire system.

Not a panacea

The systems approach, he said, is not a panacea and will not replace top management, but it will give the right type of information to management. Top management, Dr. Pritsker stated, is concerned with unroutine problems, while middle or lower management is concerned with routine problems. While the systems approach is more amenable to the unroutine problems of top management, it can produce work standards of performance on routine problems for lower management.

A chart of performance guides for a yardmaster would be one example of how the systems approach can solve routine problems. Such a chart would show such things as how many switch engines, crew shifts and clerks would be required to handle a given traffic volume most efficiently. Such a chart could set guidelines for a yardmaster in handling various traffic volumes through his yard. To be of real benefit, a continuous check would be made of the yard operations to ascertain if the yardmaster was following the guidelines. Where specific goals were not met (too much yard delay or too many switch crews), they would be flagged for management's attention.

Performance guides of this type were described by Alan H. Gepfert, Chicago & North Western director of statistical research, who told how the system approach can be of practical value in obtaining maximum efficiency from a systems viewpoint. It is most important, he said, that the maximum efficiency be for the whole system and not just maximum efficiency for one operation in the system. For example, often the yardmaster does not have enough information to do the best job for the railroad. However, the systems approach will provide guidelines of performance enabling him to do the best job possible.

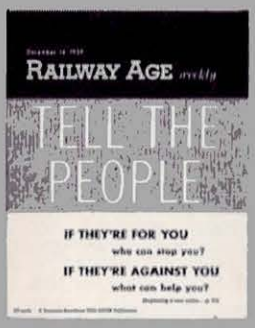
The railroad goal, as with any business, is maximum profit, which is equal to gross revenue minus total cost. Top management is responsible for gross revenue, Mr. Gepfert said, and operations is responsible for total cost. The systems approach to railroading will provide not only guidelines to operations for minimum costs, but will evaluate service factors and show the impact of operations on customer service. One means of doing this is to make a mathematical model of the railroad using a digital computer to rapidly calculate results of various actions or changes.

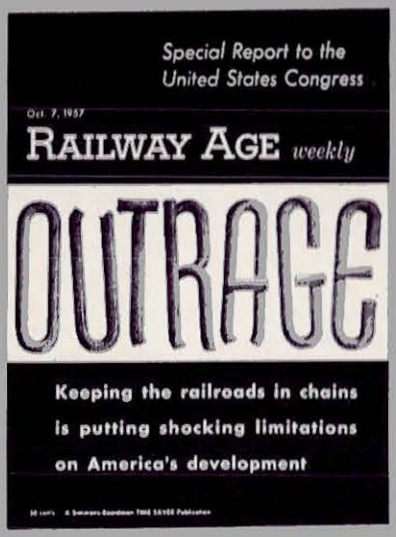
Simulation of railroading on a computer enables management to determine the effects of proposed changes in operations before the changes are made. Not only are costly mistakes avoided, but the impact on all operations—internal and external—are determined. Such a mathematical model has been created by Battelle Memorial Institute for study of railroad operations, reported Frederick A. Koomanoff, senior industrial engineer. He said the Battelle study (RA, May 14, p. 23) measured the cost of moving freight and the transit time from the shipper to the consignee's dock, among other factors. The systems approach and use of the digital computer enabled Battelle to evaluate the many interdependent railroad problems, such as car distribution, motive power distribution, scheduling, blocking, and train length. The three-year study, being worked out in co-operation with seven railroads, has not been completed, but will provide a ready tool for railroads to simulate their operations on a computer. He said that freight loss and damage has not been studied because at present there is no way of measuring loss and damage, other than the monetary values from claim reports. However, this may be determined before the study is completed.

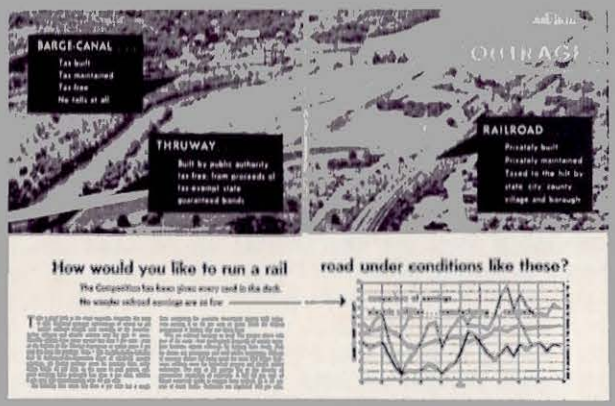
Another advantage of computer sim-

(*Continued on page 24*)

Where did these stories appear?

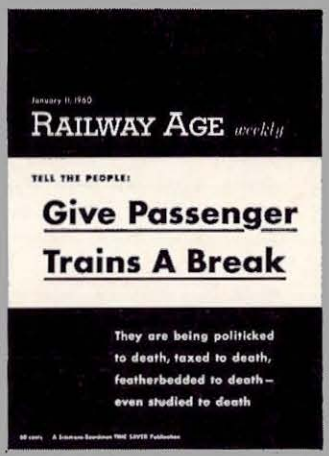



Special Report to the United States Congress
Oct. 7, 1957
RAILWAY AGE weekly
OUTRAGE
Keeping the railroads in chains is putting shocking limitations on America's development

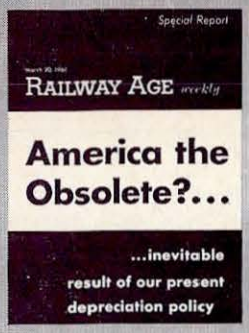

BARGE-CANAL
Tax built
Tax maintained
Tax free
No tolls at all
THRUWAY
Built by public authority tax-free from proceeds of tax-exempt state guaranteed bonds
RAILROAD
Privately built
Privately maintained
Taxed to the hilt by state city county village and borough
How would you like to run a rail road under conditions like these?

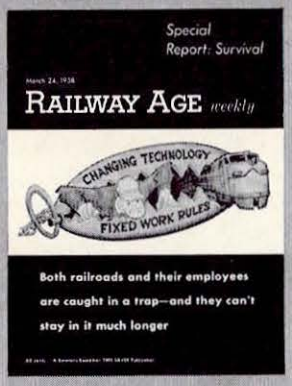
Where else but in RAILWAY

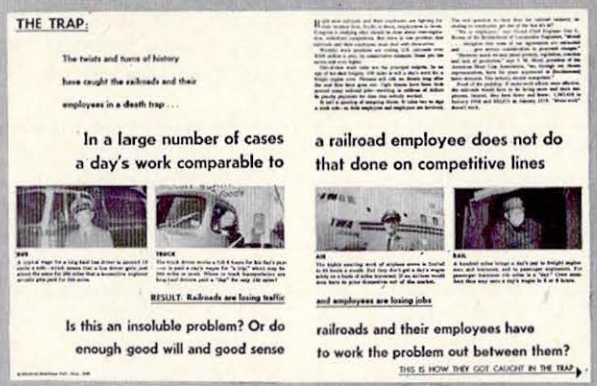
Convention Report-Purchases & Stores - p. 34
RAILWAY AGE weekly
Strong RRs are key to Russia's power bid
First Hand Report
...What I saw in the USSR - p. 13

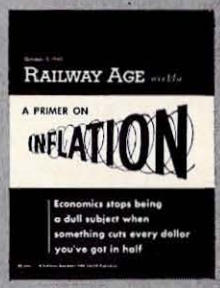

RAILWAY AGE weekly
TELL THE PEOPLE!
Give Passenger Trains A Break
They are being politicked to death, taxed to death, featherbedded to death – even studied to death

Who else carries the

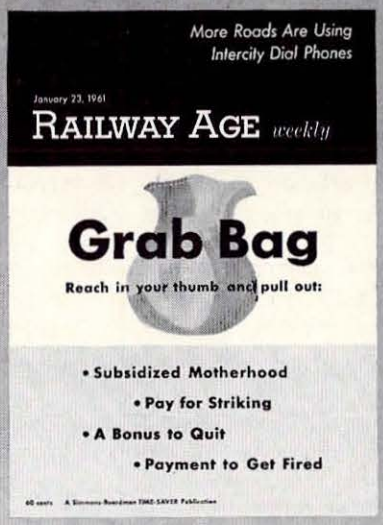


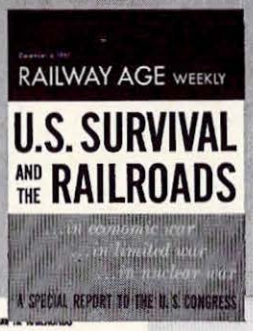

Special Report: Survival
RAILWAY AGE weekly
CHANGING TECHNOLOGY
FIXED WORK RULES
Both railroads and their employees are caught in a trap—and they can't stay in it much longer

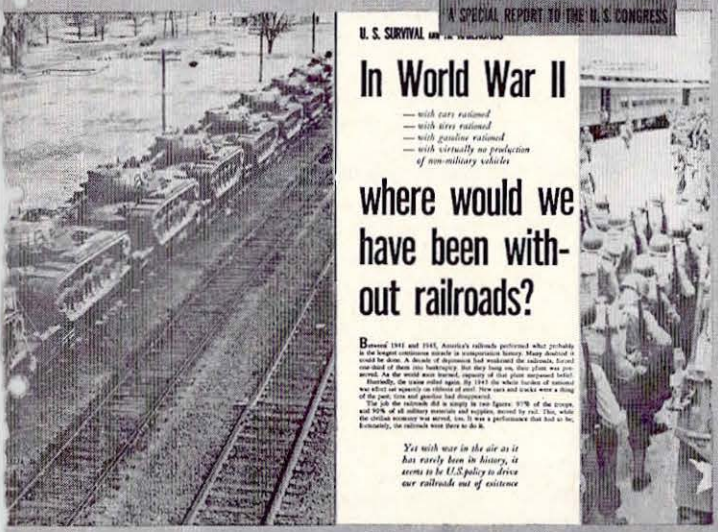

THE TRAP:
The twists and turns of history have caught the railroads and their employees in a death trap . . .
In a large number of cases a day's work comparable to
a railroad employee does not do that done on competitive lines
RESULT: Railroads are losing traffic
and employees are losing jobs
Is this an insoluble problem? Or do enough good will and good sense
railroads and their employees have to work the problem out between them?
THIS IS HOW THEY GOT CAUGHT IN THE TRAP


RAILWAY AGE weekly
A PRIMER ON INFLATION
Economics stops being a dull subject when something cuts every dollar you've got in half

AGE?


More Roads Are Using Intercity Dial Phones
January 23, 1961
RAILWAY AGE weekly
Grab Bag
Reach in your thumb and pull out:
• Subsidized Motherhood
• Pay for Striking
• A Bonus to Quit
• Payment to Get Fired
A Simmons-Boardman TIME-SAVER Publication




In World War II
— with cars rationed
— with tires rationed
— with gasoline rationed
— with virtually no production of non-military vehicles
where would we have been without railroads?
Yet with war in the air as it has rarely been in history, it seems to be U.S. policy to drive our railroads out of existence

railroads' fight to the country?

RAILWAY AGE WEEKLY, 30 CHURCH STREET, NEW YORK 7, N. Y.

(*Continued from page 21*)

ulation, Mr. Koomanoff said, is that "far out" alternatives can be handled. These alternatives can be assumed to work, that is, be technologically feasible, then run through the computer to ascertain the economic affects. The economic results may warrant further study to make the "far out" alternatives technologically feasible.

"Computers and the systems approach go hand in hand," said Gerald J. Demijian, associate consultant, Touche, Ross, Bailey and Smart. The computer's ability to handle the mathematics of simulation and to do it rapidly assures growth in computer simulation in the areas of management decision making and inventory control.

Citing examples of military projects, John K. Wetherbee, Battelle's chief, systems engineering division, said the systems approach can produce time savings, cost savings and complexity reduction in operations. The systems approach is "organized common sense," he said.

When to use the systems approach is important, according to Dr. Harold O. Davidson, vice president industrial engineering, Operations Research, Inc. The systems approach should be used in designing a new system, when modifying an existing system and to produce better operations in an existing system. For the rail industry, he said that, given today's factors, the systems approach could be used to determine what kind of railroad system should be built to fit the purpose. Knowing what kind of system there should be, and knowing what exists, provides direction for moving toward the railroad that should be built. The systems approach can be used to determine the feasible measures required to accomplish this goal.

Jack Small, director, cost accounting and budgets, Louisville & Nashville, said that a large-scale systems study was made prior to merging the Nashville, Chattanooga & St. Louis into the L&N. In a study of locomotive scheduling, he said, while transportation department costs were kept down by running long trains, the mechanical department reported locomotive maintenance costs had risen, due to possible overloading of locomotives.

As for reports and data flow, B. E. Wynne, controller, Western Maryland, said that the techniques of the systems approach include evaluation of the information requirements of every manager. The flow and methods of reporting information also are important. In summary, he said the systems approach is a critical examination of all parts of the business, studied as a total system.

LETTERS FROM READERS

Cushion Underframes

Hammond, Indiana

To the Editor:

Mr. Southworth's letter in your June 25 issue [p. 87] with reference to an interview with Mr. Brosnan, president of the Southern Railway [RA, June 4, p. 19] discusses many factors concerning the relative virtues of 20-in. vs 30-in. travel in cushion underframe cars.

Mr. Southworth makes a considerable point of the fact that the forces transmitted to the car at impact speeds up to 14 mph with a 20-in. cushion are within the range which can be normally handled by a car. There is no question but that he is correct in saying that a properly designed 20-in.-travel cushion is normally adequate to protect the car structure, since box cars are usually built for survival under forces in excess of 1,000,000 lb.

However, we know this criterion completely misses the point. Even though the committee working with the AAR thinks in terms of a 500,000-lb force on the body as being satisfactory, it is a fact that evaluation of the cushion underframes can only be predicated on lading protection that is afforded.

Actual scientific measurements of the forces between the car and the lading show that these forces can be up to five times greater on the 20-in. cushion underframe than those on the 30-in.—everything else being identical.

Mr. Southworth again misses an important point when he states that in lading tests conducted in the fall of 1961, the paper rolls slid further in the 30-in.-travel than in the 20-in.-travel car. If the paper test he refers to is to be considered, let us take a look at all of the facts.

With the free slack of seven feet left in the middle of the lading, this aspect of the test degenerated into a test of floor friction rather than cushioning ability, since the difference in slide was due entirely to coarse anti-skid paint on a wood floor in a 20-in.-cushioned car vs a fine grit paint on a steel floor in a 30-in.-cushioned car.

But what about lading damage? Further examination of the same tests shows that the car with the 30-in.-travel cushion was the only car which did not have the test cut short because of damage to the paper rolls. While there were no damaged rolls at the struck end of the 30-in.-cushion car, all five rolls at the struck end of the 20-in. cushion car were flattened.

It is significant that the railroad industry did not go beyond 10 or 12 inches of travel until Pullman-Standard revealed its 30-in.-cushion-underframe car, and now the entire art has moved to at least 20-in. of travel which is within the range of travel that is taught by Pullman-Standard's Patent 3,003,436.

Some railroads have been under the impression that 20 in. of travel is adequate, but when they have realized that 30 in. of travel provides up to five times the protection to lading that 20 in. can provide and costs no more, they have quickly gone to the 30-in. gear, particularly when shippers have demanded it and will surely demand it in the future.

If more convincing evidence is needed, the only railroad that has ordered and placed in service five types of cushion cars, including substantial quantities of the 20-in.- and 30-in.-cushion-underframe cars, for comparative evaluation, has now reordered one type only, namely, Pullman-Standard's Hydroframe-60 cushion underframe cars.

Norman E. Bateson
Director of Research & Development
Pullman-Standard

'Required Reading'

Galesburg, Ill.

To the Editor:

I would like to offer my sincere congratulations for the Action Page of the June 18, 1962, issue, entitled, "'Productivity' No Wage Gage."

This is about the clearest stand on this issue in the least amount of words that describes the situation fully. It should be required reading by all railroad employees.

C. S. Morton
Superintendent of Timber Preservation
Chicago, Burlington & Quincy

TOFC Directory

Cleveland, Ohio

To the Editor:

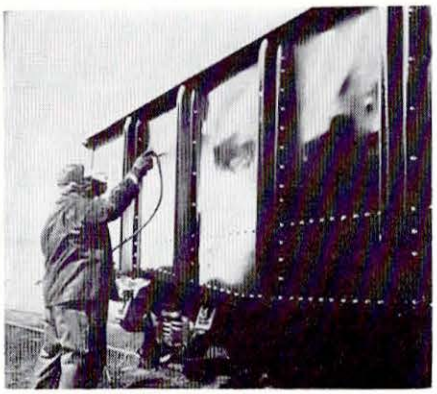
The recent listing of TOFC facilities [RA, May 28, p. 33] is interesting and of considerable help to those of us in the traffic department. Something unanswered, however, is the status of piggyback or containerization in Mexico.

Does the National Railways of Mexico have any piggyback at all? If so, do you have any idea what the general level of rates might be? What little available literature is at hand seems to indicate there is no such service there.

J. William Vigrass
Union Pacific

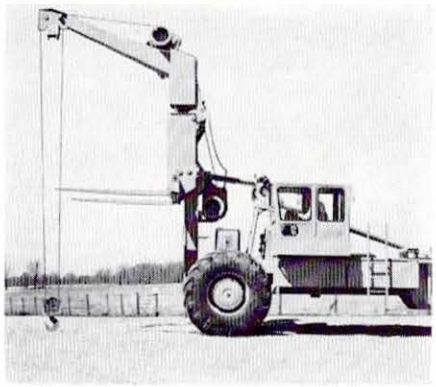
(According to a spokesman for Mexican Government Railways, no piggyback service is available.—Ed.)

NEW PRODUCTS REPORT



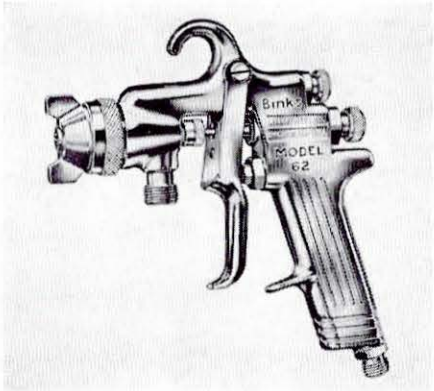
Car Cement (RA-1)

Milar, an improved asphalt-base car cement, is said to withstand high mechanical abuse, severe corrosion and vibration on gondolas, hopper, and ore cars. The finish, applied with a mastic spray gun or airless spray equipment, is said to cover 50 sq ft at 32 mils thickness when wet, resulting in a film build-up of 15 mils dry and a smooth gloss finish that collects less dirt and dust than conventional cements. *DeSoto Chemical Coatings, Inc.*



Jib Crane Attachment (RA-2)

A jib attachment, with electric hoist, two-part line, and load block, makes the Series FLT-20 Fork Lift truck available either as a crane or as a lift truck. As a crane, it will raise a 10-ton-capacity load at a 10-ft clear reach. As a straight-lift truck, it is rated at 40,000 lb. With the side shifting mechanism, which moves loads on forks laterally up to 6 in. from center, only one approach need be made when stacking palletized loads. *R. G. LeTourneau.*



Spray Gun (RA-3)

The Model 62 spray painting gun features a one-piece drop forged aluminum body with a corrosion-resistant stainless-steel head and stainless-steel fluid passages. Enlarged air passages provide more air pressure at the spray nozzle tip without need to raise the input air pressure to the gun. Tungsten carbide needles and inserts are available for handling abrasives. *Binks Manufacturing Co.*

FS Data System (RA-4)

A new solid-state, completely transistorized frequency shift communication system designed specifically for the transmission of data, tone and telegraph information is known as Lynch Datacom B770. It provides up to 89 data channels for transmission over microwave, cable or open wire facilities. Maximum transmission is 300 bauds (bits-per-second) with 600 cycle channel spacing. For telegraph and teletypewriter the maximum transmission rate is 75 bauds (bits-per-second), 100 words per minute, at 170 cycle spacing. Full duplex operation or half-duplex operation may be used.

All Datacom systems may be equipped with a telegraph terminating unit for each channel terminal, for use either as (1) a DC loop panel (relayless) for interconnecting a teletypewriter with carrier tone equipment to provide all telegraph services, or (2) a hub repeater with a hub jackfield for a half-duplex inverse neutral telegraph hub. *Lynch Communication Systems, Inc.*

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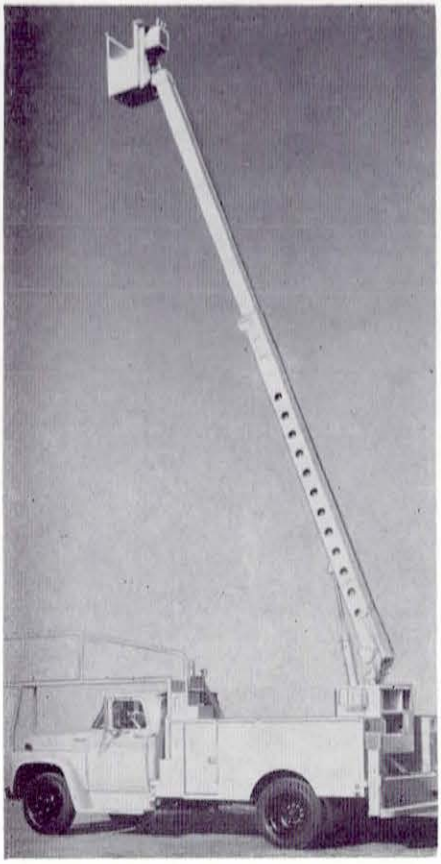

Personnel Boom (RA-5)

Model PBHE personnel boom is available in platform-to-ground heights of 24 ft, 28 ft, 32 ft and 36 ft. The booms are constructed of pressed steel lower section and fiberglass upper section. The booms are elevated from 16 deg below horizontal to 70 deg above horizontal, and can rotate 360 deg continuously. Full top controls are in the work basket, which makes the boom ideal for bridge, line wire, or other work, eliminating the need for ladders. *Utility Body Co.*

Ultrasonic Cleaner (RA-6)

A compact ultrasonic cleaner needs only 30 min to clean a teletypewriter without disassembly. This time includes removal from the housing, cleaning, rinsing, drying, relubrication and reinstallation of the teleprinter in its housing. The cleaner tank measures 20 in. square by 16 in. deep and has a capacity of 25 gallons of cleaning solution. Power needed for the ultrasonic cleaner is 4,000 watts, 60 cycles, singlephase, 115 or 230 volts. *Bacon Ultrasonics Inc.*

Screwdrivers (RA-7)

A new line of screwdrivers is made of heat-treated alloy tool steel. They are chrome plated to prevent rusting and have a non-flammable plastic handle firmly secured to the shaft. A cushion grip of nitrile rubber, locked onto the handle, provides a comfortable grip and greater turning power. Available in square shank and round shank styles for regular slotted head or Phillips head screws. Sizes from 3 in. to 10 in. *Mathias Klein & Sons, Inc.*

Data Transceiver (RA-8)

A new binary data transmitter/receiver unit transmits digital data over an average quality telephone line. Model SC-309 handles digital data in either synchronous or asynchronous mode at any data rate up to 1,200 bits per second. Full duplex capability is provided. The SC-309 is completely solid state, and uses only one type of transistor and one type of diode. It measures only 19 in. by 3½ in. by 17½ in. *General Dynamics/Electronics.*

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Market Outlook

Advisory Boards Predict 0.4% Carloading Increase

An increase of 0.4% in the number of cars loaded with revenue freight in the third quarter of 1962, compared with the same period in 1961, has been predicted by the 13 Regional Shippers Advisory Boards in reports to the Car Service Division of the AAR. (Loadings of revenue freight for the week ended June 30 were not available as this issue went to press.)

On the basis of the Advisory Boards' estimate, freight carloadings of the 32 principal commodity groups surveyed will be approximately 5,935,653 in the third quarter of 1962, compared with 5,914,830 in the third quarter of 1961, for the commodities listed.

Nine Shippers Advisory Boards predicted an increase in the number of cars loaded with freight for the third quarter of 1962, with four Boards estimating decreases, when compared with the same period last year.

Tabulations below show actual carloadings for each district in the third quarter of 1961, the estimated carloadings for the third quarter of 1962, and the percentage of change:

Shippers Advisory Boards	Actual Loadings Third Quarter, 1961	Estimated Loadings Third Quarter, 1962	Per Cent Change
New England ..	83,612	86,162	3.0 Inc.
Atlantic States .	473,779	449,263	5.2 Dec.
Allegheny	563,830	552,581	2.0 Dec.
Ohio Valley ...	779,711	821,970	5.4 Inc.
Southeast	729,981	730,067	0.01 Inc.
Great Lakes ...	452,927	455,369	0.5 Inc.
Central Western	241,181	243,785	1.1 Inc.
Mid-West	791,363	811,886	2.6 Inc.
Northwest	499,634	469,045	6.1 Dec.
Trans-Missouri-Kansas	330,461	335,006	1.4 Inc.
Southwest	387,652	393,533	1.5 Inc.
Pacific Coast ...	333,443	341,121	2.3 Inc.
Pacific Northwest	247,256	245,865	0.6 Dec.
TOTAL	5,914,830	5,935,653	0.4 Inc.

PIGGYBACK CARLOADINGS.—U. S. piggyback loadings for the week ended June 23 totaled 14,604 cars, compared with 11,914 for the corresponding 1961 week. Loadings for 1962 up to June 23 totaled 329,618 cars, compared with 274,380 for the corresponding period of 1961.

IN CANADA.—Carloadings for the seven-day period ended June 21 were not available as this issue went to press.

New Equipment

► *Louisville & Nashville.*—Directors authorized expenditure of $82,000 for purchase of 10 bi-level racks for installation on 89-ft flat cars for tractor shipments; and $18,000 for installation of end bulkheads on 10 flat cars.

► *Pacific Car & Foundry.*—Ordered 150 mechanical cooling units from Carrier Air Conditioning Co. for refrigerator cars being built for American Refrigerator Transit (RA, Feb. 19, p. 31).

► *Union Pacific.*—Has ordered 300 flat car underframes and 425 car sets of cast steel box car underframe ends, costing more than $3 million, from General Steel Industries. The castings will be produced at the Commonwealth Division of GSI, Granite City, Ill. Shipments are scheduled to start this month.

► *Wabash.*—Purchased 300 70-ton mill type gondola cars from United States Railway Equipment Co. Materials and parts from these cars will be used in construction of 300 steel gondolas at Wabash's Decatur, Ill., shops at an estimated cost of $1,305,000.

FOREIGN

► *Peru.*—The Peruvian Corp., Ltd. (Apartado 1379, Lima) has invited bids for the supply of the following standard-gage equipment for use on the Central and Southern Railways: 19 2,000-hp diesel-electric locomotives; 3 1,000-hp diesel-electric locomotives; 11 1,200-hp diesel-electric locomotives; 3 325-hp diesel-electric or diesel-hydraulic locomotives; 30 gondola cars; 120 cattle cars; and 6 bulk-wheat cars. Bids will also be sought on 14,000 tons of 80-lb rails and fittings.

SPECIAL

► *United States Army.*—Has begun overseas shipment of 72 standard box cars, converted into ice bunker refrigerator cars, for movement of perishables in overseas supply of U.S. troops. Cars are being converted by Thrall Car Manufacturing Co., Chicago Heights, Ill.

New Facilities

► *Canadian National.*—Awarded contract for two 105-ft bridge spans for the Great Slave Lake Railway to Dominion Steel and Coal Corp. Ltd., Montreal.

► *Katy.*—Company forces have started track portion of 5.2-mile line change near Osage, Okla. (RA, May 15, 1961, p. 60), and expect to complete the project Oct. 1. Estimated cost of $639,000 is at government expense.

► *Missouri Pacific.*—Major construction projects scheduled for completion by company forces this year include laying new 115-lb. rail between Valley Park and Jedburg, Mo. (6.7 mi.), and between Hardin and Elizabeth, Tex. (34.19 mi.); replacing bridge approaches at Dunn and Levesque, Ark., and Vanderbilt, Tex., with reinforced concrete trestles; construction of 125-car siding at Frontier, Kan., and 4 80-car auxiliary tracks at Wichita, Kan.; and extension of CTC southward from McFaddin to Inari, Tex.

H. B. Parker
Frisco

Robert S. McKernan
New Haven

Albert E. Domoney
RF&P

J. W. Kraemer
Texas Mexican

Donald E. Brummitt
Wabash

William G. Miller
Alco

PEOPLE IN THE NEWS

ATLANTIC COAST LINE.—**W. J. Turner** elected vice president—operations effective July 3, succeeding **L. S. Jeffords,** who retired July 2 after more than 52 years of service.

BALTIMORE & OHIO.—**Carroll R. Bennett** appointed executive assistant, Baltimore, Md. **Roland E. Poore** named manager of sales development there.

CHICAGO & ILLINOIS MIDLAND.—**J. D. Eastham** elected assistant treasurer, to replace **T. L. Jones,** who retired June 30. Mr. Eastham will continue as coal transportation officer.

CHICAGO & WESTERN INDIANA-BELT OF CHICAGO.—**Irwin A. Schilke** elected vice president and auditor.

George F. Hallaron, traffic manager, Chicago, appointed general traffic manager in charge of the Traffic Department, succeeding **Frederick J. Wasson,** vice president-traffic, who retired June 30. The handling of leases and sales of industrial property, formerly assigned to the Traffic Department, has been assigned to the Land and Tax Department.

FLORIDA EAST COAST.—**I. E. Smith** appointed shop superintendent, New Smyrna Beach, Fla., locomotive shop. **W. H. James** and **S. R. Baker** named general foremen there.

FRISCO.—**H. B. Parker,** assistant controller, St. Louis, named controller there, to succeed **C. E. Blair,** who retired June 30. Mr. Parker's successor is **P. A. Winter,** manager-financial planning.

J. W. Dollar, trainmaster, Neodesha, Kan., named assistant superintendent, Joplin, Mo., succeeding **W. D. Smith,** appointed assistant superintendent-general agent, Wichita, Kan.

GREAT NORTHERN.—**Thomas H. Green,** general agent, Fargo, N.D., transferred to Wenatchee, Wash., to replace the late **J. C. Powers. Louis J. Eret,** commercial agent, Minneapolis, succeeds Mr. Green.

MINNEAPOLIS, NORTHFIELD & SOUTHERN.—**Rueben N. Hanson,** vice president—traffic, Minneapolis, Minn. retired July 1. **Arthur C. Doenges,** general traffic manager—rates and divisions, elected vice president—traffic, with jurisdiction over sales, service, rates and divisions. Mr. Doenges' former position abolished.

NEW HAVEN.—**Robert S. McKernan** appointed director of public relations at New Haven (RA, July 2, p. 24). Mr. McKernan was formerly resident information officer there.

NORFOLK SOUTHERN.—**Charles W. Hoppe,** assistant freight traffic manager — sales, Raleigh, N.C., transferred to Chicago, succeeding **John H. Grotheer,** transferred to Birmingham, Ala.

RICHMOND, FREDERICKSBURG & POTOMAC.—**Albert E. Domoney,** analyst, rate department, **Pennsylvania,** joined the RF&P on July 1 as freight traffic manager—rates, Richmond, Va.

SANTA FE.—**M. D. Breeden** named acting superintendent of communications, Amarillo, Tex., replacing **J. H. Nail,** on temporary special assignment.

SOUTHERN PACIFIC.—**J. D. Ramsey,** superintendent, Dallas and Austin divisions, Ennis, Tex., transferred to San Antonio, Tex., to succeed **J. W. Kraemer,** resigned to accept the presidency of the Texas Mexican. Mr. Ramsey's successor is **L. A. Patterson,** senior assistant superintendent, Houston division, who in turn is replaced by **J. W. Germany,** trainmaster, Houston. **R. G. McWhirter,** trainmaster, San Antonio, replaces Mr. Germany, and in turn is replaced by **C. T. Strong,** transferred from Hearne, Tex. **J. W. Massie,** safety officer, Dallas, replaces Mr. Strong.

TEXAS MEXICAN.—**J. W. Kraemer,** formerly division superintendent, Southern Pacific, San Antonio, Tex., named president of the Texas Mexican, with headquarters at Laredo, Tex. (RA, July 2, p. 7). Mr. Kraemer succeeds the late **W. C. Beaman** (RA, May 14, p. 37).

UNION PACIFIC.—**Alexander G. Proskurniak** appointed district traffic agent, Vancouver, B. C., Canada.

WABASH.—**Donald E. Brummitt,** director of industrial development and real estate, St. Louis, elected vice president-industrial development and real estate.

Supply Trade

G. Boyd Chesney has been appointed manager, public relations and advertising, **General Motors Diesel Ltd.,** London, Ont., Can. Mr. Chesney was formerly advertising manager.

Franklin Container Corp., Philadelphia, has appointed the following distributors to handle sales of "Avi-Gard" barrier material: **Chicago Paper Co.,** 801 S. Wells Street, Chicago, **Douglas Brown,** manager; **Rosenthal Paper Products Co.,** 200 Lynch St., St. Louis 13, **William Barris,** secretary; and **Columbia Paper Co.,** 525 S. Peters Street, New Orleans, La., **C. Alvin Bertel, Jr.,** president.

Frederick G. Jaicks, vice president of steel manufacturing, **Inland Steel Co.,** Chicago, has been elected to the new position of vice president of manufacturing and research. **Hjalmar W. Johnson,** vice president of planning and research, retired July 1.

William G. Miller, president of **Alco Products, Inc.,** became chief executive officer on July 1, **Perry T. Egbert,** who has been chief executive officer—as president from 1952 and as chairman since early 1960—continues as chairman of the board.

Dividends Declared

ALLEGHENY & WESTERN.—6% guaranteed, $3, semiannual, paid July 1 to holders of record June 15.

ATLANTA & CHARLOTTE AIR LINE.—$4.50, semiannual, payable Sept. 1 to holders of record Aug. 20.

BEECH CREEK.—50¢, quarterly, paid July 2 to holders of record June 15.

CANADIAN PACIFIC.—75¢, semiannual, payable Aug. 1 to holders of record June 22.

CAROLINA, CLINCHFIELD & OHIO.—guaranteed, $1.25, quarterly, payable July 20 to holders of record July 10.

CLEVELAND & PITTSBURGH.—7% regular guaranteed, 87½¢, quarterly; 4% special guaranteed, 50¢, quarterly, both payable Sept. 4 to holders of record Aug. 10.

DELAWARE & HUDSON.—30¢, paid June 28 to holders of record June 8.

ERIE & PITTSBURGH.—guaranteed stock, 87½¢, quarterly, payable Sept. 10 to holders of record Aug. 31.

FORT WAYNE & JACKSON.—5½% preferred, $2.75, semiannual, payable Sept. 9 to holders of record Aug. 22.

KANSAS CITY SOUTHERN.—4% preferred, 50¢ quarterly, payable July 16 to holders of record June 29.

LOUISVILLE & HENDERSON & ST. LOUIS.—5% non-cumulative preferred, $2.50, semiannual, payable Aug. 15 to holders of record Aug. 1.

MAHONING COAL.—common, $10; 5% preferred, $1.25, semiannual, both paid July 2 to holders of record June 25.

MICHIGAN CENTRAL.—$20, semiannual, payable July 30 to holders of record July 20.

MISSOURI PACIFIC.—Class A, 60¢, quarterly, paid July 1 to holders of record June 15.

NORFOLK & WESTERN.—6% preferred, 15¢, quarterly, payable Aug. 1 and Nov. 1 to holders of record July 12 and Oct. 11, respectively.

NORTHERN CENTRAL.—$2, semiannual, payable July 16 to holders of record June 29.

NORTHERN PACIFIC.—55¢, quarterly, payable July 31 to holders of record July 10.

PHILADELPHIA, GERMANTOWN & NORRISTOWN.—$1.50, quarterly, payable Sept. 4 to holders of record Aug. 20.

PITTSBURGH & LAKE ERIE.—$1.50, quarterly, payable July 16 to holders of record June 29.

European, U.S. Problems Similar

Striking similarities between the difficulties which beset Europe's nationalized railways, and those confronting America's still-privately-run systems, emerged at the XVIII International Railway Congress in Munich, West Germany.

The 11-day conference, which was attended by 550 delegates from 60 member nations, ended June 27. In addition to 20 technical papers, the conference heard major addresses by Southern Pacific President D. J. Russell, who spoke on U.S. railroad prospects (RA, June 25, p. 43), and Dr. Heinz Maria Oeftering, president of the German Federal Railroad.

Among the basic problems of European railways, Dr. Oeftering listed these:

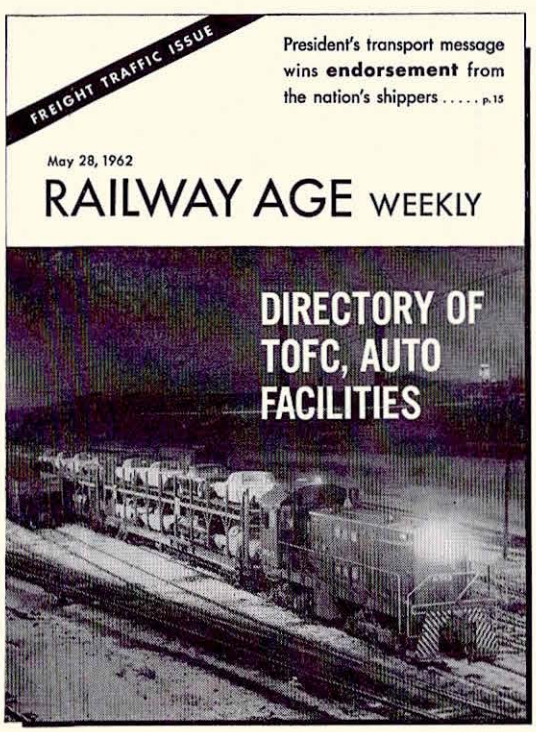
- "An almost complete indifference of governments, who refuse to grant [railways] the authority to make economic adjustments and to adapt themselves to the requirements of a modern transport sysem."
- Decline of the railroad share of available freight traffic due to "unequal starting conditions . . . and discrimination against the railroads."
- Construction of expensive highways to accommodate heavy trucks, which, however, bear a disproportionately small share of the cost. This amounts to "a subsidy charged to the taxpayer in favor of road traffic."
- Rising competition from highway and inland-waterway carriers.
- "The frequently evidenced and astonishing indifference and unconcern of so-called public opinion in respect to problems affecting their railways."
- The tendency of both government and the public to emphasize negative aspects of railroading—"accidents, operating disturbances, deficiencies in service"—while often ignoring "positive circumstances and achievements."
- The need for federal aid to help urban areas solve their mass-transportation problems.
- The tendency for high-valued freight to flow to highway carriers.

However, Dr. Oeftering, like the SP's Mr. Russell, was optimistic for the future of railways, declaring that in Europe rail transportation is "on the threshold of what we may call a new era." Booming national economies and rising standards of living, he said, mean that "the need for railways is going to be greater rather than smaller."

Plan III Piggyback Brings GE Savings

Plan III piggyback between Schenectady, N.Y., and Chicago is producing "substantial savings and improvements in transit time" for General Electric, S. R. Lewis, manager of traffic services, told a group of railroaders attending the AAR Mechanical Division meeting in Chicago on June 27. By pooling shipments of its decentralized operations, GE is producing larger lots for movement, achieving benefits of lower rates. More and more of the 175 GE plants and 400 warehouses will be utilizing piggyback, Mr. Lewis said. He cited a 21% increase in piggyback in the first 18 weeks of 1962 as compared with the same 1961 period. Currently, GE is expanding piggyback from Chicago to the West Coast. Current GE freight bill for piggyback is at rate of $1/4 million annually.

FREIGHT TRAFFIC ISSUES


FREIGHT TRAFFIC ISSUE
President's transport message wins endorsement from the nation's shippers p.15
May 28, 1962
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Kennedy Bill Hearings To Call ICC, RRs

The ICC, AAR and American Short Line Railroad Association were scheduled to make presentations this week at House Interstate Commerce Committee hearings on bills to implement major recommendations of President Kennedy's transportation message. The railroads have already endorsed the President's program, but the ICC is expected to advise the committee that it has reservations with respect to some of the Presidential proposals.

Most controversial of the President's recommendations is that which calls for removal of ICC and Civil Aeronautics Board powers to fix minimum rates for railroad, truck and air transportation of commodities in bulk, the water transportation of which is now exempt from regulation, and for railroad, water and air transportation of commodities, the truck transportation of which is free of regulation under the Interstate Commerce Act's so-called agricultural exemptions. This proposal is embodied in a bill, H.R. 11583, which would also remove the ICC's power over minimum fares of railroads and bus lines, but would not disturb CAB power over minimum air fares.

When it had occasion in the past to discuss the bulk-commodity and agricultural exemptions, the ICC has indicated its view that these preferences for water carriers and trucks should be removed by repealing the exemptions rather than granting like freedom from regulation to other carriers. The Commission may be expected to restate this view. While he did not oppose repeal if that were the only way to bring about equality, President Kennedy emphasized his preference for the deregulation approach.

The House committee is also considering H.R. 11584 to implement various other recommendations of the President's message which were not already embodied in bills introduced before the message was delivered. Secretary of Commerce Hodges, who made the principal Administration presentation in support of the President's program (RA, July 2, p. 31), said that H.R. 11584's most important provisions were those which would authorize agreements between the federal government and states to enforce safety regulations applicable to interstate trucks and to curtail illegal operations of private and exempt trucks.

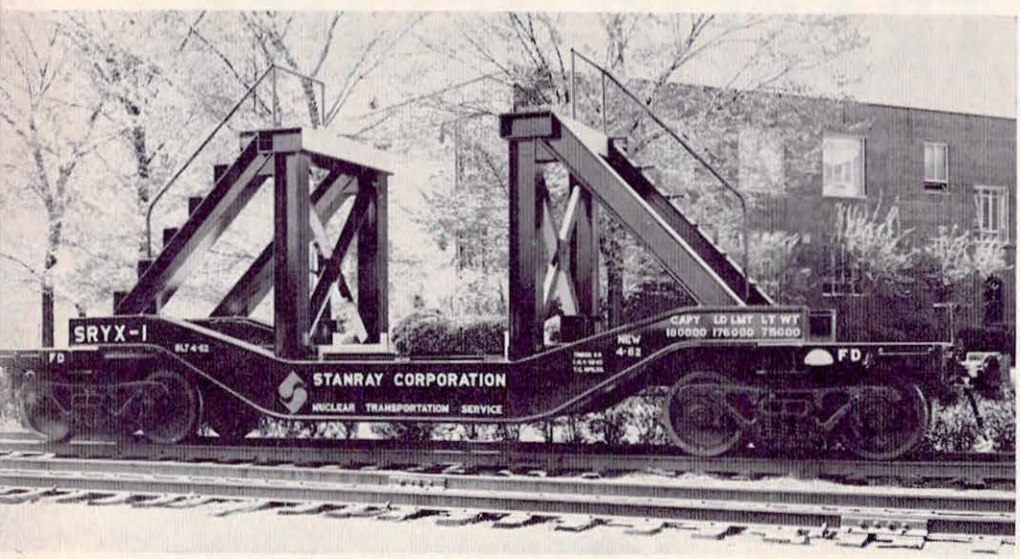
Other provisions of HR 11584 include those which would make Plans III and IV piggyback services available to truckers (a matter now under investigation by the ICC), authorize the ICC, CAB and Federal Maritime Commission to form joint boards for review of joint rates between carriers of different types, and transfer to the Department of Commerce the ICC and CAB authorities over government guaranty of loans to railroads and airlines. Commission objection to the latter would not be surprising, although the proposal was endorsed by CAB.

Among the Presidential recommendations embodied in other bills are those calling for extension to truckers and forwarders of the Interstate Commerce Act's reparations provisions which now apply to railroads and water carriers, and for repeal of the Commodities Clause which prohibits railroads from transporting commodities (except lumber and their own supplies) in which they have any interest. The ICC favors the reparations proposal; it has not in recent years expressed itself on the proposal to repeal the Commodities Clause.

Following the testimony of Secretary Hodges and his associates in the Commerce Department, the Administration's presentation in support of the bills was rounded out by statements from the Department of Justice, Department of Agriculture and General Services Administration. Also heard was the CAB presentation, by that board's chairman, Alan S. Boyd.

The Justice Department's statement was made by Lee Loevinger, assistant attorney general in charge of the Antitrust Division. As he put it, H.R. 11583 would "encourage increased independence of action by carriers in the field of rate-making" and substitute "standards of the antitrust laws" for provisions of regulatory statutes which authorize regulatory agencies to determine the reasonableness of minimum rates. Mr. Loevinger explained:

"The proposed substitution . . . would have the effect of prohibiting carriers from jointly establishing rates and of compelling each carrier in making local rates to exercise its own managerial discretion, independent of collaboration with competitors. However, with respect to the making of joint rates, H.R. 11583 provides that the bill should not be construed to prohibit a carrier from establishing reasonable through routes or establishing jointly with other carriers the rates



Nuclear-Waste Car Nears Completion

A special-purpose car for the transport of nuclear fuel wastes stands on a siding near the Hammond, Ind., plant of Stanray Corp., while awaiting delivery to Denver, Colo., where the Stearns-Roger Manufacturing Co. will install a cask between the uprights to handle the fuel wastes. Designed by Stanray and built by Thrall, the car is scheduled to be in service this fall. It will handle fuel wastes from both the Dresden nuclear power station of Commonwealth Edison Co. near Morris, Ill., and the N. S. Savannah, first nuclear-powered merchant vessel. The cask which will hold the nuclear waste will be 11 ft high, 5 ft wide and will weigh 55 tons. It will have 10-inch thick lead walls. (RA, Feb. 6, 1961, p. 32.)

which will be applicable on such through routes. This provision for joint rate-making by end-to-end carriers is consistent with traditional concepts of rate-making for through routes —a practice which the Interstate Commerce Act authorizes the Commission to require of rail carriers."

Mr. Loevinger also referred to that provision of the bill which would permit any person to sue for injunctive relief against threatened loss or damage for a violation of the antitrust laws. This was identified by the assistant attorney general as a new safeguard against destructive competition because it would provide "a significant procedural advantage to a carrier injured or threatened with injury by such practices."

As to H. R. 11584, Mr. Loevinger said only that the Department of Justice "defers to the Commerce Department . . . since the provisions of that bill do not directly relate to our enforcement responsibilities under the antitrust laws." Presentations of GSA and the Department of Agriculture were made, in turn, by Robert B. Conrad, commissioner of GSA's Transportation and Public Utilities Service, and George A. Dice, director of the Special Services Division of the Department's Agricultural Marketing Service.

Chairman Boyd of CAB devoted most of his statement to a discussion of H. R. 11584, although he also endorsed H. R. 11583. In commenting on H. R. 11584, the CAB chairman suggested changes in the language of those provisions which would express Congressional policy that rate experiments and through routes and joint rates between different modes of transport should be encouraged. Meanwhile, Mr. Boyd gave full support to the idea of making the proposed Congressional declarations.

Deregulation Will Come, Heineman Says

President Kennedy's proposal to end regulation of minimum rates for the transportation of commodities in bulk and agricultural products "will be adopted" by Congress in the opinion of Ben W. Heineman, chairman of the Chicago & North Western. Mr. Heineman bases this view on his appraisal of the President's proposal as "politically sophisticated because it enlists and is bound to enlist out of self-interest the support of every shipper organization, every major farm organization, in the country."

The Presidential recommendation calls for removal of ICC and Civil Aeronautics Board powers to fix minimum rates for railroad, truck and air transportation of commodities in bulk, the water transportation of which is now exempt from regulation, and for railroad, water and air transportation of commodities, the truck transportation of which is free of regulation under the Interstate Commerce Act's so-called agricultural exemption. The recommendations were among those in President Kennedy's transportation message to Congress.

C&NW Chairman Heineman made his prediction at a June 28 luncheon meeting in Baltimore, Md. The meeting was sponsored by the Railroad Community Committee of Baltimore, one of 15 groups which function as local units of the Eastern Railroad Presidents' Conference. Jervis Langdon, Jr., president of the Baltimore & Ohio, presided at the meeting, which was attended by government officials, representatives of shippers and business leaders, including several railroad executives.

"Make no mistake," Mr. Heineman said, "this is not going to be the usual dog fight between three modes of transportation in which each one, by its opposition to what the other one wants, is able to kill off anything affirmative. This is not that situation, and the reason it isn't in my opinion is because this is a realistic proposal that is going to draw into the controversy the support of the public through shippers, farm and other organizations, and once that support is finally mobilized, so it isn't railroads versus trucks and water and vice versa, in my opinion appropriate legislation will be adopted."

Noting that the President might have recommended that equality of opportunity be established by repeal of the present exemptions, Mr. Heineman asserted that such a proposal would not have been realistic from a political standpoint. He added that it "would have been doomed to failure, as it has been doomed to failure when proposed by the railroads every year for the last, you name it, 20-30 years." The C&NW chairman continued:

"I know of no shipper organization, no farmer groups, that would support additional regulation on other modes of transportation. And when I find the principal proponents of such a measure to be the competitors of the railroads, I must say I do find their motives somewhat suspect, and I wonder whether they support it because they believe in it or whether they support it because they know that such a recommendation is doomed and the status quo will continue to their inevitable and continuing benefit."

Mr. Heineman also called the President's message "sophisticated economically," because: "It deals with a basic problem. It recognizes clearly that a major problem of the railroad industry, with established plant operating at a fraction of capacity, is to put back on rails additional volume with the lower incremental costs which will follow; and which the railroads undoubtedly will share, inevitably share, through the medium of lower rates, with the shipper and the farmer and the consumer."

The C&NW chairman also dealt with suggestions, including that of an ICC member, that the rate freedom proposed by the President would place upon railroad managements "a new burden of overcoming the pressure of shippers for reduced rates." For his own railroad, Mr. Heineman denied that, adding:

"I do not regard it as a burden for the railroads to have to arrive at prices with their shippers any more than I regard it as a burden for automobile dealers to arrive at prices with their customers. I regard this as a responsibility, as a challenge, as an opportunity, and as an essential characteristic of any well-run business. And I will say that if in fact the railroads have been filing lower rates than they really think they ought to have in order to have the Commission 'take the monkey off their backs' it is time that the railroads were restored to the dignity and responsibility of running their own business and not having it run for them, because the results of having it run for them are only too apparent."

At a press conference which preceded his luncheon talk, Mr. Heineman was asked how many railroad executives shared his views on rate freedom. His reply noted first that the AAR board of directors had voted unanimously to go "all out" in support of the President's proposals. To be "completely candid," Mr. Heineman continued, he would have to concede that there are "degrees of enthusiasm" among railroad executives on the rate-freedom proposal. He added, however, that many who were "lukewarm" have become "more enthusiastic" since the President's message went to Congress.

YOU OUGHT TO KNOW

On her maiden voyage, the new Italian bulk cargo vessel "Centauro" loaded 34,994 net tons of coal at the Norfolk & Western's Norfolk piers. The 549-hopper car load of high-grade metallurgical coking coal was produced by the A.T. Massey Coal Co. of Richmond, at Virginia and West Virginia mines, and shipped to tidewater via N&W. The shipment—a new high-tonnage for a single movement of U.S. coal to Italy—is indicative of the anticipated steady growth of the Italian market for U.S. metallurgical coal; exports are expected to grow from 4.7 million tons in 1961 to 10 or 12 million by 1970.

The ICC has denied American Trucking Associations' petition asking the Commission to modify its report on the grade-crossing accident involving a school bus near Greely, Col. Dec. 14, 1961. ATA sought to eliminate the finding that the Union Pacific train involved was being operated properly (RA, May 21, p. 55, June 4 p. 47). The Commission's denial order said ATA "has not shown substantial or material reasons for reopening the proceedings for reconsideration or modification of the report."

Papers of the late Clyde B. Aitchison, who served as a member of the ICC for 35 years, have been presented to the University of Oregon library, by his daughter, Dr. Beatrice Aitchison. Mr. Aitchison was an alumnus of the University.

Wabush Iron Co. Ltd. has been granted permission by the Quebec government to build a 250-mi railroad from Sept Iles on the north shore of the St. Lawrence River to Wabush Lake. The railroad will be used to move iron ore from the ore fields in northern Quebec to the St. Lawrence. The company has leased a mile-wide right-of-way.

Two railway supply groups serving AAR mechanical divisions and electrical sections have joined forces to form the Railway Supply Association. The new 300-member supplier group replaces the former Allied Railway Supply Association and the Railway Electrical & Mechanical Supply Association.

"America is our grim warning," says the head of London Transport, the British capital's rapid-transit system. In a special message to 76,000 London Transport workers, Chairman A.B.B. Valentine noted that "in spite of spending vast sums on their highways, the attempt in American cities to rely mainly on private transport has manifestly failed. We must take note of this grim warning and avoid the same mistake—and we can if we act quickly. The only alternative to strangulation of our traffic by the excessive use of private cars is to expand the capacity and increase the convenience of the Underground systems and suburban railways. . . ."

Grain shipments from Chicago via the Great Lakes and Seaway show an increase of almost 100% over last year's volume, port authorities reported last week. Improved markets overseas have made the biggest contribution to the increase. Also reporting gains in grain volume: Duluth-Superior, Toledo and Milwaukee.

The Class I railroad car fleet totaled 1,587,775 cars on June 1, the AAR reported last week. The average carrying capacity of the fleet was 56 tons per car. That compared with a fleet of 1,641,867 cars, with average carrying capacity of 55.57 tons, on June 1, 1961. Also, 205,962 privately owned revenue freight cars (including railroad-controlled private refrigerator cars) were reported in Class I railroad service on June 1, 1962.

President Kennedy has signed into law the excise tax act which includes provisions effective Nov. 15, for repeal of the 10% tax on fares of railroads, bus lines, and domestic water carriers, and reduction of the air-fare tax to 5%.

New Jersey Central schedules for two of the road's daily eastbound freight trains are resulting in faster freight deliveries to customers in the Elizabethport-Newark-Bayonne-Jersey City area from points in the West by as much as 24 hours. In addition to hauling shipments originating on the Jersey Central in Pennsylvania, the two trains (CJ-2 and CJ-4) contain carloads received from various railroads, including the Erie-Lackawanna, Delaware & Hudson, Pennsylvania and Reading.

A Bureau of Inquiry and Compliance charge that failure to issue tariffs covering an $8.24 per trailer loading charge on a Plan IV TOFC movement constituted violation of the Elkins Act was dismissed in Federal Court in Chicago June 27. Santa Fe and Burlington, defendants in the action, argued that no transportation service was involved since the loading was performed prior to the issuance of a bill of lading.

The Long Island is beginning to get reimbursement from New York City for the cost of maintaining 34 of its passenger stations inside the city. The reimbursement, which will amount to $240,000 a year, is the latest phase of a broad program of fiscal relief for the LI and other New York commuter roads that was begun last year. Excluded by agreement from the reimbursement are Pennsylvania Station in Manhattan, the Flatbush Avenue Terminal in Brooklyn and the Jamaica Station in Queens. New York State, New York City and Nassau County are participating in the reimbursement. Meanwhile the railroad filed petition with the New York PSC on July 5 for authority to increase fares to and from Suffolk County about 3 cents a ride to compensate for the county's failure to participate in the station maintenance program.

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Something's Got to Give

A lot more than repeal of the 10% tax on passenger fares has got to come out of Washington if the adverse tide running against the railroad industry is going to be reversed.

Equalizing the regulation of competitive rate-making, as far as bulk and agricultural commodities are concerned—preferably by freeing the railroads of regulation (as President Kennedy has recommended)—would be a major step forward. But it will take determined effort by the leadership of both branches of Congress if this legislation is to be enacted at the current session. And such freeing the railroads from rate regulation on these commodities would be an empty victory, if railroads were then to be subjected to the full impact of all the anti-trust laws. Thus to nullify railroad rate freedom, if granted, is, quite evidently, the strategy being pursued by their competitors—barge lines in particular.

As President R. M. Boyd of the National Industrial Traffic League has pointed out: Section 5a of the Interstate Commerce Act, which allows railroads to make rates by the "conference method," has "served the shipping public and the carriers well and it is desirable that all rates of the railroads be established by this method."

Railroads are beset by inequities on so many sides that removal of only one or two of them will not be sufficient to restore the industry to health. They need, not only relief from the passenger excise tax (already enacted), and workable exemption from rigorous regulation of their minimum rates (pending in committee)—but several other changes as well. Among these are (1) compensatory user charges upon waterway and highway carriers; (2) relief from (or total abolition of) *ad valorem* taxation—unless and until similar taxes are applied to their competitors: (3) relief from the necessity of operating some services at a loss (e.g., hauling commuters); (4) relief from onerous working rules. In addition, their efforts to effect mergers which will save expense and improve service should be favored by government—not impeded.

These half-dozen measures are the minimum requirements. It will take more than one or two of them, alone, to turn the tide.

Considering the widespread uneasiness about the state of general business, no single act of government could do so much—and at little or no expense—to counteract that uneasiness, as determined action to do right by the railroads.

Far more significant to Mr. Khrushchev than the number of satellites this country puts into space—in his estimation of what he's up against with this country—will be what he observes as to the wisdom and courage this nation shows in resolving its chaotic transportation mess. If we can and do clean it up, then we will show Mr. K. that we have an effective government. If not, then he will take due note of the fact. It is that simple.

There will be no solution to the difficulties of railroads until there is a change for the better in labor-management relations. If the Railway Labor Act were adequate, then Secretary Goldberg would not have to be spending practically all his time as a mediator between unions and managements of companies coming under the Act—which includes airlines as well as railroads.

That a fact-finding board should have come up, as it did, with a costly raise for the non-operating unions—after admitting that these employees were already adequately paid and that many of their employers were nearly or actually broke—just goes to show that the fact-finding set-up under the Railway Labor Act is, itself, quite unreliable. And the unwillingness of the operating brothers to give even an inch, in some acceptance of the comprehensive report of the Presidential Commission on the working rules, merely goes to show that there exists no mediatory framework in railway labor relations that can produce results, except to the degree that the mediators vote YES on unions' demands.

There's No Pleasant Remedy

The magazine Life has said that the federal government should "face up honestly to the fact that 'free collective bargaining' is impossible when one party comes to the bargaining table with monopoly powers. Labor union membership should be voluntary and unions should be brought under the antitrust laws." Amen.

It would probably be a most disagreeable pill for President Kennedy or Mr. Goldberg to have to administer—doing away with compulsory union membership and applying the antitrust laws to unions; or subjecting unions under the Railway Labor Act to compulsory arbitration, and withholding unemployment compensation to strikers. But the labor laws we have now give the unions practically a blank check to write upon their employers. Experience has shown that, given such power, union leadership is exposed to political pressures that force it to write checks bigger than their employers can redeem.

Something substantial has got to give, and soon, in this railroad situation, to remove the growing menace of socialization; and to restore the industry to growth and prosperity. The sensible and necessary remedies are so obvious that it is unbelievable that they will not soon be vigorously applied.

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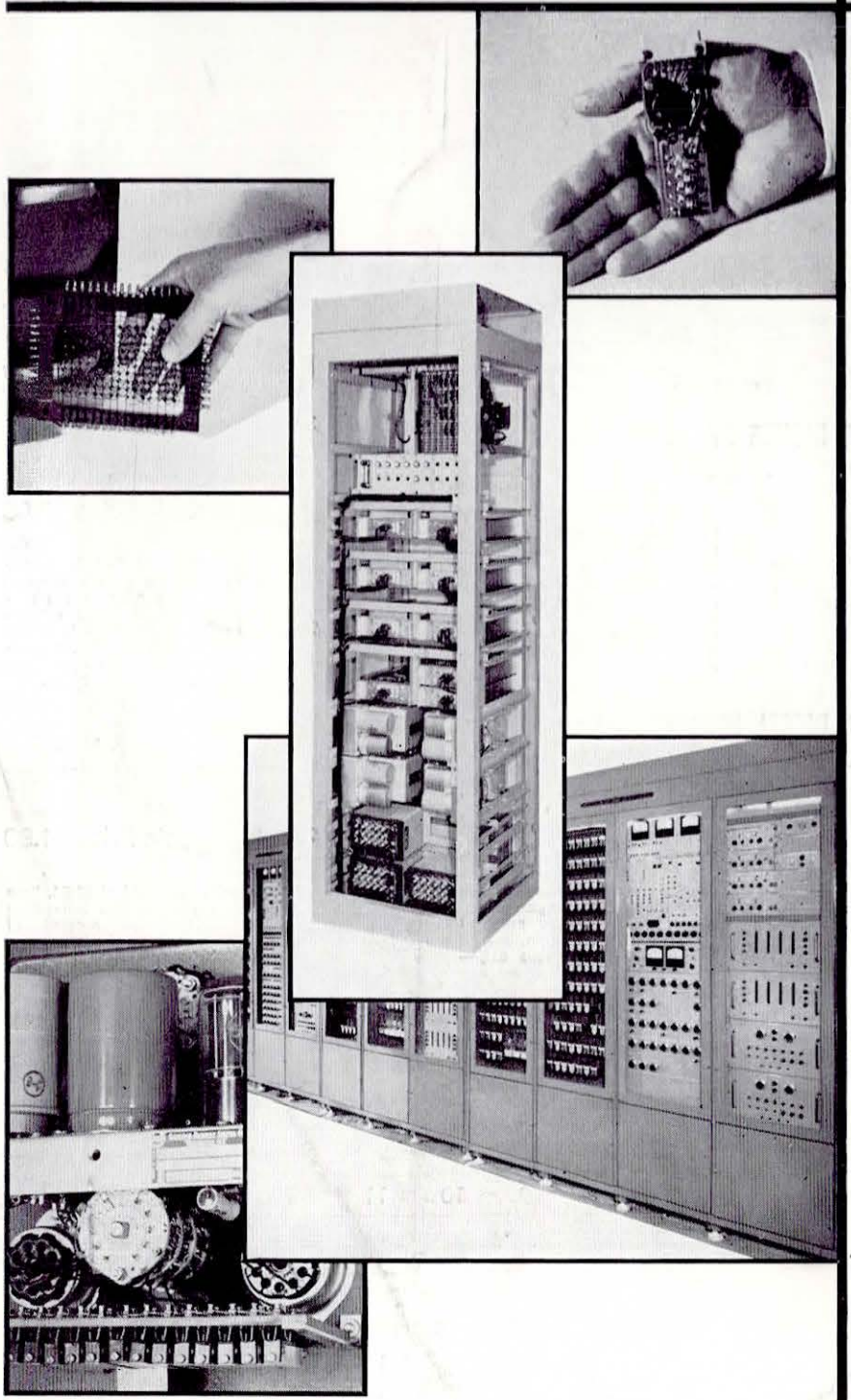

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